PERCEPTIONS AND EFFECTIVENESS OF THE INVESTOR RELATIONS FUNCTION IN GREECE

by

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ABSTRACT

Investor relations (IR) and corporate communication are functions that make the difference for the listed companies' communication process to the market. They are also the strategic corporate tool that creates visibility, interest, and liquidity, and ultimately attracts and motivates investment.

The objective of this research study is to identify and extract perceptions on the IR function by the top management of the listed firms on the Athens Stock Exchange (ASE), the analysts and the fund managers who analyse and invest in the Greek stocks. The mandatory and voluntary disclosure strategies used by Greek listed companies are also identified and their effectiveness evaluated. From the findings the author extracts and synthesizes an effective IR model.

The research, based on a grounded theory approach, identified and investigated key IR issues through semi-structured interviews. Interview and questionnaire data were collected from 164 market players. Empirical data on IR activities, programmes and opinions by the Greek companies, the local and global sell side analysts and the local and global institutional investors were collected.

It is the first study to have been conducted in the IR area and the corporate communication process in Greece, and its findings could be utilised by the listed companies and market players in other markets.

In conclusion, the study, by evaluating IR programmes and recommending a corporate communication framework and methodology, contributes towards a better understanding of the IR process and the IR effectiveness in a non-English speaking market, full of small capitalization listed firms that struggle to get attention from the investors. With the current research, the author also intends to contribute towards an enhanced interface and understanding between academic research and business practice in the areas of corporate communication and IR.

DEDICATION

To Mary, Dimitri, Aphrodite and my parents.

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I also certify that, to the best of my knowledge, any help received in preparing for this thesis, and all sources used, have been acknowledged in the thesis.

Nick Demos

Date: February 09, 2008

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Abbreviations:

IR-Investor Relations
IRM-Investor Relations Managers
IRO-Investor Relations Officer
FA-Financial Analysts
CFA-Certified Financial Analysts
FM-Fund Managers
CMC-Capital Market Committee
FT-Financial Times
FTFM-Financial Times Fund Management
BW-Business Week
NYC-New York City
NYSE-New York Stock Exchange
WSJE-Wall Street Journal Europe
HBR-Harvard Business Review
HBS- Harvard Business School
WP-Working Paper

Prologue

«Τα πράγματα δεν ταράζουν τους ανθρώπους, αλλά η άποψη που κάποιοι έχουν για τα πράγματα» Επίκτητος
"Not things, but opinions about things, trouble men" Epictetus

Investor relations (IR) have slowly but progressively become a discipline and an art between a rock and a hard place. IR is a function that can make the difference to the listed companies' communication process to the market. With so many issues on corporate accountability and effectiveness, the IR function today is an issue that arises beyond and above the corporate governance guidelines, which are universal and standardised, in many national equity markets and countries, especially in the "economic blocks" such as the European Union, NAFTA, etc. IR is also an activity that puts the listed stock "on the radar screen" of the fund managers and leads to an investment in the listed company.

The objective of this research study is to identify and extract the perceptions of the top management of the listed firms on the Athens Stock Exchange (ASE), the sell side analysts and the fund managers. In addition, the involuntary and voluntary disclosure strategies used by Greek listed companies will be identified and their effectiveness evaluated. As a consequence, the author intends to extract an effective IR path/method in order to attain the IR predetermined goals, such as increasing firm visibility and share price and improving the firm's liquidity through upgraded disclosure. However, measuring the effectiveness of the IR activities is a difficult task as well as a dilemma and there is no standard answer to it. As an IR practitioner, the author believes that ultimately the IR is measured up with some identifiable factors. These factors belong mostly to the voluntary disclosure pool that the IRO and the senior management can use. The friendly, interactive and well-informed company's web site, the increasing number of private meetings with investors, especially institutional investors, the implementation of a roadshow policy, and even the adequate and timely feedback to analysts are variables which the IRO can intensify or minimize well beyond the Corporate Governance principles and regulations of Corporate Governance. Other factors, such as the number of institutional investors year by year, the retaining of existing investors, the number of people (end users, institutional and individual investors) who know the company well (through constant communication and disclosure) and the increase of the share price of the underlying stock, are simpler and more obvious. Simply put, what is communicated, to whom, why and how are the main questions of this research.

Furthermore, the research design, based on a grounded theory approach, was to collect empirical data about IR programmes from the Greek companies, the local and global (London) sell side analysts and the local and global (London) mutual, hedge and pension fund managers, and to identify and investigate key issues through semi-structured interviews. In December 2004, there were 360 listed companies at the Athens Stock Exchange (ASE), compared with 279 in Italy (Bolsa Italiana), 2,000 in Spain, 2,673 in London (LSE), 861 in Deutsche Borse (Germany), 419 in the Swiss Stock Exchange and 1,033 in Euronext (Institutional Investor, 2005). Almost 75% of the 360 listed companies are considered to be medium-to-small capitalization companies which have particular characteristics, such as newly established IR offices, reporting in Greek GAAP, no visibility, use only of Greek language material, etc. and challenges such as small market capitalisation companies, increasing analyst coverage, strategic targeting of fund managers, cities, countries for proactive roadshows, extreme need for IR, limited number of shareholders, liquidity issues, more relationship roadshows, increasing analyst coverage, marketable press releases, etc., (this research; Demos, 2005c). Interview data were collected from 76 top managers of Greek listed companies, in addition to 44 sell side analysts and to 44 institutional investors, in total 164. Approximately 23% (37 interviews) of the data were conducted in the English language while the remaining 77% (127 interviews) were conducted in Greek. All interviews were taped and the discussion-interview had, as a guide, the questionnaire format and sections-questions that had been completed previously by the interviewer.

It is the first study to have been conducted in the IR area and the corporate communication process in Greece, and the author focused on collecting not only hard evidence from the IR practitioners but also the perceptions, misunderstanding and comprehension of the top managers of the listed companies on the Athens Stock Exchange and other market players. In terms of disclosure regulation, since the institution of the by-law or the better-known regulation 204, dated December 6, 2000, by the Capital Market Committee (CMC) - the Greek SEC-, most companies tried via "*external*" pressure to comply with the optional but highly recommended regulation, by creating an in-house official "communication officer" which is not exactly an IR officer or IR department.

The Athens Stock Exchange (ASE) also promoted the IR function by indirectly recommending that the listed companies establish an IR office. In 2002, the ASE's Research and Development department initiated a research/questionnaire, based on the so-called "*star stocks*" or "*star system*". It was mailed to all listed companies at the

ASE, giving them six months to respond and comply with the issues. The objective by the R&D department and generally by the Administration of the ASE was to search and find out which listed companies were (and still are) complying with issues such as: Web site information: A detailed list of the roadshows that took place last year in Greece and abroad; Fair and steady disclosure; Having an in-house IR office or department; Board of Directors and Executive team; and having and operating an Internal Audit office. In other words, the majority of the IR *"departments"* were established exogenously, basically only for corporate public mandatory disclosure, via CMC regulation 5/204, ASE's stock star system, law 3016, etc.). The main issues which corporate governance is seen as addressing in Greek firms are business planning procedures, a more active role for the board of directors, the development of organizational and administrative structures, performance measurement, coordination and internal control mechanisms, personnel selection systems, appropriate remuneration policy and the promotion of business culture. The inclusion of Greece in the emerging market world as a major player for a long period of time partly explains the non-existence or, better, the slow development of the IR profession. As a Hedge Fund Manager stated during the interviews, *"foreign funds investing in emerging markets have traditionally paid more attention to the macroeconomic characteristics of each national market and its momentum rather than the fundamentals of its listed companies"*. Moreover, the criteria of company selection have been more lax than in the developed market. By being a big player in those markets, Greece had secured the attention of global funds, meaning it was not necessary for local listed firms to spare time and money to market themselves. After all, the strategy of active emerging market foreign funds was to follow the top-down approach (macro to micro) instead of the bottom-up one (micro to macro) adopted by active funds investing in developed and mature markets. But the graduation of the Athens bourse to developed markets on May 31, 2001, meant that this all had to change, and local firms had to become aggressive in marketing their strong points and in use of informal IR options to the global institutional investors who either did /do not know them or had/have a bad opinion about them.

Chapter 1.0 Introduction

«Αρχή παιδεύσεως η των ονομάτων επίσκεψις» *Επίκτητος*

«The definition of terms is the foundation of research» *Epictetus*

This chapter will try to display the framework, methodology and the objective of this thesis and will also display the definitions of terms, activities and market players who are involved in the corporate communication process and the main types of corporate disclosure. With reference to the title of this thesis, it is essential to define perception and effectiveness as they are used here. Perception, according to Webster's Encyclopaedic Dictionary (1988, Lexicon Publications, Inc.), is "the ability to become aware of through the senses and to become aware of by understanding, discern". Respectively, effectiveness, according to the same dictionary, is defined as "the capability of causing a desired or decisive result".

1.1 Defining the corporate activity of Investor Relations

In this thesis, the terms "corporate communication", "corporate financial communication", "communication of information", "corporate disclosure", and "disclosure of information" as well as "investor relations" refer approximately to the same idea and meaning and are used interchangeably. The Cadbury report (1992, paragraph 3.2) describes corporate financial communication as "...an open approach to the disclosure of information (which) contributes to the efficient working of the market economy, prompts boards to take effective action and allows shareholders and others to scrutinize companies more thoroughly". A set of definitions, given by researchers, practitioners and authors over the years, and which try to grasp the multidisciplinary activity of investor relations, follows. Most people from the academic community as well as Investor Relations (IR) practitioners accept the well-defined descriptions of the Investor Relations function, given by the National (US) Investor Relations Institute (NIRI)[1]: "A strategic management responsibility using the disciplines of finance, communication and marketing to manage the content and flow of company information to financial and other constituencies to maximise relative valuation" and by the UK's Investor Relations Society (IRS)[2]: "As the means whereby listed companies maintain a dialogue with existing shareholders and potential investors. Its purpose is to present an accurate picture of corporate performance and prospects, thus allowing the investment

[1] (http://www.niri.org)

[2] (http://www.ir-soc.org.uk)

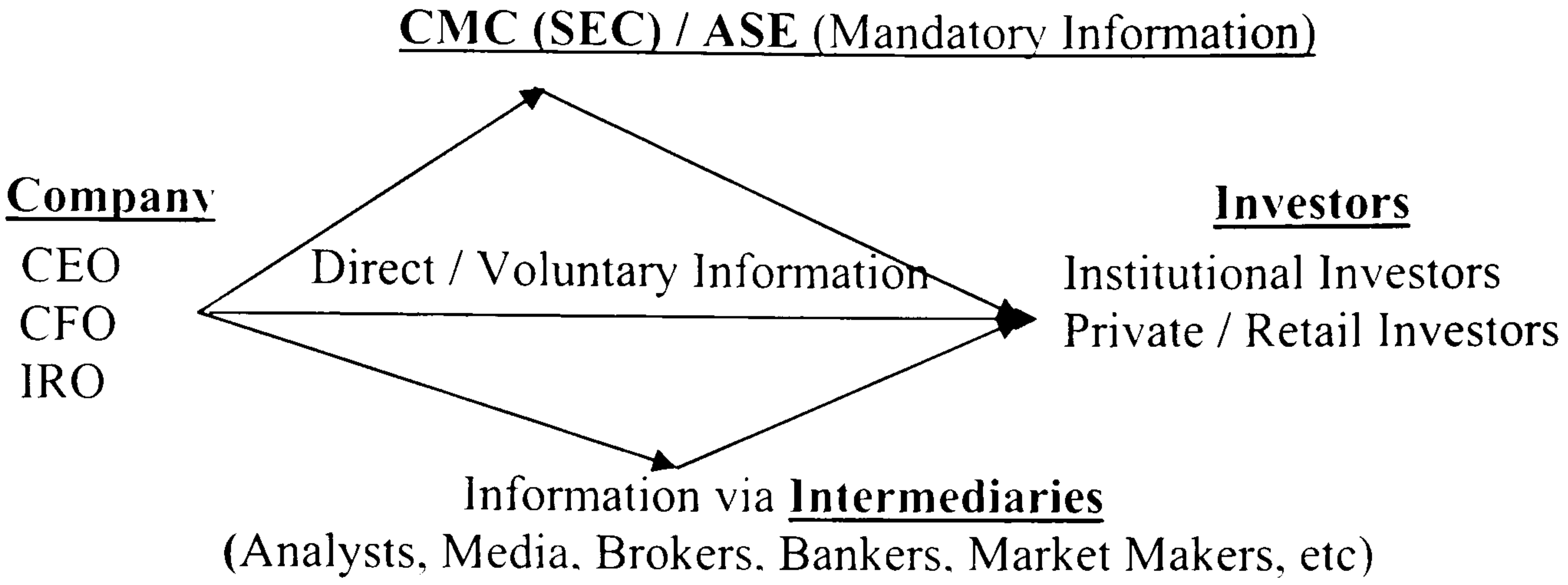
community, through an informed market, to determine a realistic share price. As a result, IR can have a positive impact on a company's market value and cost of capital relative to the industry sector and overall economic climate". The former stresses the strategic element of the IR, which shows that the Americans have grasped the essence of the activity. The latter identifies rightly the end result of the IR activities - that of the share price and evaluation. During the last decade, researchers have exposed other sides of the IR function. In particular, Marston (1996b, p. 477) defines IR "as the management of the relationship between a company with publicly traded securities and the holders or potential holders of such securities". She adds, "the IR process must reflect the highest standards of integrity of its practitioners if it is to retain the trust it requires from both corporate management and the investment community". In other words, she stresses the human elements of the IR activity, such as management of the relationship, integrity of IR officers and even ethical boards of directors and the top executives. Brown (1995, p. 44) defines Investor Relations as a "strategic corporate marketing activity, combining the disciplines of finance and communication, which provides present and potential investors with an accurate portrayal of a company's performance and prospects". Strategy and long range company prospects issues are stressed here, placing IR at the inner core of the top management of each listed corporation. Preis and Berbers (1990, p. 102) concluded that investor relations is "the mechanism by which companies communicate those facts about themselves that lead to a judgment, by the capital markets, on their corporate operational ability". According to them, the IR function is a vital communication processor or mechanism that helps to make right investment decisions. According to the author's experience as an IR practitioner, investor relations is a strategic multidisciplinary function that combines principles, methods and tools from sciences and arts, such as finance, accounting, marketing, economics, game theory, public relations, psychology and military strategy. Moreover, investor relations and corporate communications are activities that are initiated, planned and executed by skilful people in an organization at the highest level, since they affect the company's evaluation and future prospects. In addition, these personnel are incorporated into the organizational chart according to the specific needs of the company and the top management, and interact and communicate information internally and externally. The leader of the communication team has been named Investor Relations Officer (IRO) and since he/she is close to the upper management of any company and organization, is considered by market players to be a strategic operating officer. Therefore, the Investor Relations Officer (IRO) is the executive who is responsible for initiating, organising, planning and implementing the IR strategy, as well as consulting and directing the top management to the most effective communication path. The IRO can follow either formal or informal communication paths to convey the company's message to the market participants (Demos, 2005c). The people internally with whom the IRO continuously interacts are mainly the Chairman of the Board of Directors, the Members of the Board, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and to a lesser extent the marketing director, the chief accountant and the Chief Operating Officer (COO). An attempt is made here to describe the main players in the Greek market place. The Chairman of the Board of Directors (BoD) is the independent and authoritative person who sets the Board agenda, ensures the Board obtains the highest quality information and facilitates communication both among Board members and between them and management. The Members of the Board are the operational administrators of the firm and the independent officials who guarantee and authorize the decisions, strategy and efficiency of the Board. The Chief Executive Officer (CEO) is the manager whose job is to run a major company successfully in an increasingly risky and hyper competitive global economy. The Chief Financial Officer (CFO) is the manager whose job is to oversee the financial matters of the firm. Investor relations, in Greece, is also highly interrelated with the rules and principles of corporate governance. This relationship is so important that it resembles the father-son relationship. The former likes to control and direct and the latter tries hard to act independently. IROs have lost many nights of sleep over the extension of corporate governance and regulation (Chatziemmanoil, 2002). This is a concern for all IR people across the globe[3]. Every year, over the last seven years (1999-2005), in the annual global IR conference[4], organised by the International Investor Relations Federation (IIRF), a large scale discussion has taken place and the main question has been whether regulation is counterproductive for the IROs and IR activity. But what is corporate governance? Corporate Governance (CG) is the set of rules and regulations that direct and prescribe the business conduct for accountability and performance (Milonas, 2002; Holland, 1995). Moreover, it tries hard to control and standardize the corporate dissemination of information in order to create an environment of equivalent information for all market players and the instantaneous share of information by others with the firm's insiders (i.e. Chairman of the BoD, CEO, CFO and others) (Schina, 2004; Pikios, 2002; Welker, 1995).

[3] International Investor Relations Federation (IIRF) annual conferences' discussions, minutes and publications (www.iirf.org).
[4] IIRF Conference, 2005, 2004, 2003, 2002, 2001, 2000, 1999.

1.1.1 Direct and indirect corporate communication in Greece

Historically, the IR function and industry came to existence, first in the USA, as a demand-driven activity and a necessity for both the top managers (as they were taking control away from the founder's family) and the investors (as they were becoming more and more institutionalized) (Marston, 1996b; Brown, 1995; Preis and Berbers, 1990). Later on it was demanded in the UK and the commonwealth countries and during the 1990s proliferated to Europe, Asia and the Rest of the World (RoW). Many researchers and practitioners accept that the IR function does help the information flow between the listed companies and their audience (Marcus and Wallace, 1998: Marston, 1996a; Derriman, 1969). According to the Agency Theory, in which managers run the listed firms, they also plan and implement the strategic and marketing plans and consequently control all vital company information (Healy and Palepu, 2001: Bushman, Piotroski and Smith, 2001; Marston, 1997a; Holland, 1997). On the other hand, all shareholders and stakeholders (i.e. suppliers, bankers, customers, etc.) have little or no information on the company's activities and performance. Thus this information asymmetry between the two groups creates the need for an information processor such as the IR function, and the IR adventure begins, since as information processor, the communication flows constantly in all directions, in and out of the company. Previous research in Greece found that the IR is not a simple function. It is a complex and multi-disciplinary executive practice, which combines knowledge of economics, finance, accounting, marketing, psychology and organizational behaviour with managerial skills such as effectiveness, persistence, strategic inclination and other personal attributes of the people who implement it (Demos, 2003d: Gitzos, 2002: Aloupis, 2002). The basic aim of the Investor Relations (IR) department is: a) the creation and cultivation of relations of trust with the investors; b) the direct, correct, valid and timely disclosure of company activities to the market (analysts, institutional investors, brokers, bankers, etc.); and c) the strategic planning and programming of IR activities, which have as their ultimate goal to optimize the company's share price (Demos, 2000a). It emerges as the basic need of communicating the company's information to the market, and, as a platform of information, it can be used by the different interested parties such as analysts, brokers, institutional investors, bankers, etc., to their benefits. The regulators appear precisely in order to control and direct the communication channel to the mutual benefit of all market participants (Figure 1.1). Some believe that the IR should operate in the compulsory mandatory environment and others should be left to the voluntary mechanisms (Preis and Berbers. 1990; Marston. 1999; Holland, 1997; Nichols. 1989; Kopel. 1982).

Figure 1.1: Direct and indirect information to investors in Greece



Greek IR practices follow their own life cycle. For example. some expect that the IR department should mainly prepare and disclose the mandatory information. as set by the Athens Stock Exchange (ASE) and the Capital Market Committee (CMC) (i.e. 5/204). to the investors (Alexakis, 2003; Demos. 2003d). Some also believe that the IR is primarily a public relations activity. and the most mature practitioners like to see the companies regulate themselves (Avgouleas, 2003; Demos. 2000c). For their part during recent years. the management of the A.S.E and the Capital Market Committee (the Greek SEC). the local regulators. have intensified their efforts to create the necessary ground for establishing direct contact between the listed companies and the investors. In addition to helping to implement the EU-related directives. they also enforce other recommendations. Furthermore, Greek listed companies are strongly encouraged by the A.S.E - but also strongly motivated by their need to contact investors directly through group presentations or one-to-one meetings to perform roadshows not only in Greece but also in Europe, Northern America and Asia (Demos, 2003b; 2002d; Kontogianis. 2001).

1.2 Hellenic Investor Relations

In Greece, by September 2004, there were more than 150 IR practitioners, most of them IROs; an industry association, the Hellenic Investor Relations Institute[5]; satisfactory acceptance of the IR profession by the analysts. media. the institutional investors and the authorities. as an important financial function for the listed companies (Kontogiannis. 2004a). At the end of 2004 there were 360 listed companies at the

[5] (www.HIRI.gr)

Athens Stock Exchange (ASE). Of these, 45 are dual listed firms, mainly at the ASE and the London Stock Exchange (LSE). Some also trade at the Frankfurt Stock Exchange, and others are listed on the ASE and the American Exchanges, namely at the NYSE and the NASDAQ. Finally, there are "orphan" Greek stocks, which are Greek listed ones on NYSE, Oslo, etc. Therefore, there was a decade of dual listing and US disclosure experience by the Greek listed companies which helped their corporate communication policies (Economist, 2004vii, 2003f, 2003k; Alexakis, 2002b; Demos, 2000b).

1.3 The research idea and objective

The original idea for this research was to describe the IR activities in the Greek market and to identify the quality and sophistication of the IR practice. The plan was to extract the perceptions of major market players (company executives, fund managers and analysts) on the IR, and, furthermore, to identify the effectiveness of Investor Relations activities in Greece. The author researched the opinions about the Investor Relations function, of the top management, mostly the Chairmen of the BoD, CEO, the CFO and the IRO of a good mix of small, medium and large capitalization and global Greek companies (those who have operations in Greece and abroad), which are listed mainly on the Athens Stock Exchange (ASE) and on other international exchanges such as the LSE, NYSE, NASDAQ and others. The research objective also focused on investigating the major IR issues that affect the effectiveness of the IR function and consequently the (budgeted) costs for disclosure, the time devoted and spent by the top management, the liquidity of the stock, and the cost of capital for the listed company, the share price and others. Some of the issues are structural and others are behavioural or, rather, psychological, such as issues that deal with the personality of the IRO, the hidden agenda of the insiders, the interaction between the buyers and the sellers of the stock during the meetings and others. It is indeed found that the interaction between the organizational structure of the IR department and certain features of (the IRO's) human personality can bring about the best results for the listed company (Demos, 2001a; this thesis). In other words, the hiring of a good, highly paid IRO should correspond with the maintenance of an efficient IR office/department and adequate IR budget. In order to achieve the IR and company goals, the IRO must establish direct contact with investors - both retail and institutional investors, such as Mutual Funds, Pension Funds, Hedge Funds, etc. He/she can also convey messages and communicate points to the end users via intermediaries such as analysts and journalists. The research's main questions to the company's managers focus on the value that the IR adds to the communication and the relationship of the firms with the financial community. Moreover, the research aimed to identify the senior executives' goals and the ultimate target of the company's disclosure policies: which IR strategy and tactics, as expressed with the combined use of the IR tools, are the most effective to reach the investors screen, shape their views and influence investment decisions. For instance, if the company objective is better liquidity, then the retail investors are as important as the institutional ones and therefore the IRO should primarily use and capitalize the media path. If the managers (the information insiders) target mostly sophisticated investors (i.e. pension, mutual, hedge funds), then the IRO should use information intermediaries, such as sell-side analysts, extensively. The research also focused on the perceptions and opinions of the local and London (global) sell side analysts, how they interact and utilize the IR function to obtain company information, write reports and evaluate the firms, and how they are informed and inform end clients (fund managers) about the listed companies and give feedback to the companies. The research evaluated the opinions of another group of the major market players by examining how the local and global fund managers think and perceive the IR function and the effectiveness of the Greek IR policies that the IROs implement and follow. Assuming the inefficiency of the strong level of the financial markets and accepting the agency model, the current research tries to recognize the information relationship between the insiders and the institutional investors-shareholders and the role that the IR plays by using the analysts as channels of communication. Another objective is to find and propose ways to improve the impact of the IR programme, especially for small and medium capitalization companies which are listed in peripheral markets like the Greek one. Effectiveness of the IR is a quest and cannot be standardized in its application. There are common elements of the IR activities but, as in marketing, advertising, proactive and strategic intent, intuition, creativity, leadership and a superior mix of means and information media play the biggest role in the success of the IR.

1.4 Rationale of the research

As stated earlier, the primary objective of this study is to investigate the IR perceptions of company executives and other market players, and, most important, the effectiveness of the IR function for a small, somehow emerging, and non-English speaking market such as that of Greece. Secondly, it will examine the advantages and disadvantages of each IR or corporate communication tool in order to identify the best way for the listed companies to communicate their message and story, and bridge the information gap and asymmetries between them and the investors. The research indicates some kind of direction for the domestic IR activities for the current and new practitioners in this fledgling IR industry in Greece. and it will also create the need for more research on a national level for local. regional and global interactive purposes. It investigates the IR process and effectiveness that are initiated and processed by the three major components of the information channels: first. the information that is controlled from the market authorities. therefore one speaks about regulated communication: second. the information which is processed by the information intermediaries such as the analysts: lastly. the information that is communicated at the discretion of the top management or the information from insiders of company. The Greek market is a small. peripheral market but nevertheless a good model for similar countries in terms of size. capital markets, maturity. visibility and growth level - especially countries that either are emerging or joining the European Union - to examine and benefit from. Consequently. the local experience of the IR practice can be extrapolated to surrounding countries such as Cyprus. Turkey. Romania and Bulgaria. to mention a few. that really can benefit from the Greek IR experience. From that perspective, the author intends to deduce the best possible IR tools that first combine the optimal quantity and quality of disclosure. and second, synthesize the management information incentives with the corporate governance decrees. This paradigm can be exported to non-English speaking countries and companies that operate in similar market settings. Therefore, the author intends to expose what is happening at the present time and what the people involved in IR think about it, and then to synthesize and create a collective body of knowledge. experience, imagination, perspective and sometimes unorthodox tactics that will ensure IR effectiveness, especially for smaller capitalization firms with low quality of accounting and financial information. The study was motivated from the need and quest pinpointed by the Greek company insiders on how to communicate better, efficiently and reliably their knowledge of the company's doings as well as the ongoing international discussion and effort to identify which communication path should be followed (contracting, regulating or using intermediaries to control company information and market intelligence). Most of the IR research has been focused on the mature capital markets. especially those of the USA and UK. Recently. some EU-related reports had appeared and some pan-European research has been initiated by Marston (2004). including even the ex-communist countries. Hence the main contribution of this study is to provide evidence on the IR practices and activities by the emerging economies across the globe by examining listed Greek companies.

1.5 The research questions

The basic research questions addressed by this thesis are: how the three researched groups implement and use corporate communication: how they perceive the IR activities; how they interact and how they plan to improve the effectiveness of the implemented Investor Relations programme. Another question concerns the value that the IR adds to the Greek listed companies and how effectively it is used. Secondary questions are also investigated. In particular, following mainly Marston's (1993) research path and questions, the author tries to shed some light on organization issues involved in the IR. Many other IR related issues are researched, such as international issues, substitution IR aspects, external substitutions, macro IR elements, etc. Greek and EU corporate concerns will be addressed on the effectiveness of IR activities via Voluntary Disclosure. These questions examine and identify the practice of the IR of Greek listed companies. All these questions achieve to pinpoint descriptive issues that correspond to the perceptions for the IR function and the parameters that provide some understanding of current corporate communication practices to all market players, especially to fund managers and analysts. Finally, the questions identify the possible strategic function of the IR, as well as whether the IR office can influence investors' awareness of corporate activity, their interest and buying behaviour.

1.6 Methodology of research

As Laughlin (1995) indicates, the methods of two major bodies of research are available: the positivistic that require less input from the researcher, and the phenomenological that leave more scope for researcher judgment. The IR practice includes some objective and "immutable" issues that are determined by the local psychology and culture, the local business ethics and business practices, the maturity of market players, the stage at which the life cycle of the local market is (i.e. emerging, mature, staple based, industry specific, extroverted, etc.) that in turn makes each market unique (Holland, 2001; Morris, 2000; Silverman, 2000; Mason, 1996; Morgan and Smircich, 1980). The phenomenological research methodology and in particular the interview approach were chosen for the current research. The study relies on primary data collected from interviewing company representatives (the CFO, the CEO, the IR director) as well as analysts and institutional investors. The semi-structured interviews were based on a standardized questionnaire for each of the three groups. mailed to them almost two weeks before the interviews. Researchers such as Marston and Holland. who investigated the same subject, used similar approaches. Taped interviews are preferable in Greece. given the size of the country and that the majority of the headquarters of the listed companies are in the Athens area. Interviews were also chosen as the research method owing to the author's strongly held view for the function. activity and effectiveness of IR, which in turn. along with his extensive experience in the field. helped identify and ask in person solid. penetrating and motivating questions. Some of the questioning could have been biased, but an attempt was made to minimize the bias through the structured format of the questionnaire and the direct answers by the interviewers. If Holland (1997. p. 5) believes that "the actual observation of the communication process between institutional investors and management "would be ideal", as an IRO professional for more than 10 years who has been working in house for 7 listed companies and in consultation level worked for a variety of big. medium and small capitalization firms. the author has been observing the common process of management to the market players and, furthermore. has been participating in that process. Another issue that had to be handled carefully was that "researcher's values inevitably affect the interpretation of the findings". as Holland (1998a: 1988b) put it. Indeed, it was not possible to be completely independent of the issues examined or researched. Even when the IR variables are assumed to be quantitatively measurable (such as IR effectiveness, increase or decrease of stock price. increase of new shareholders, etc.), it is difficult to establish whether or not the IR is effective and is subject to interpretation, perspective, even bias, etc. For example. there are cases where the time element plays an important role in the IR effectiveness, especially in the case where the IRO is effective in promoting the investment story to potential savers and investors, but the stock price can be observed with a time lag, because the price-promotion relationship is mostly time correlated. In addition. the author has been "engaged" intuitively and instinctively in additional data gathering methods (Schwartz and Nandhakumar. 2002: Denzin and Lincoln, 1994; Silverman, 2000), such as taking notes during meetings and conference calls. making observations during group conferences and analyst presentations. holding informal discussions with fund managers, analysts. bankers, auditors, senior managers. et al.. and even photographing analysis of investors and visitors to match the intelligence on profiles. styles. even attitudes. In other words. from the early stages of his career (since 1994) he has been taking notes. tape conversations. listening repeatedly to and analyzing conference calls.

grouping communication styles, etc. of the different human/executive personalities where the concerns are to market players' strategy, financial and operational data and issues. Indeed, over many years, as Holland (2001) notes: "further data was collected from public and semi-public domain sources. These included public database or archives of the financial press, company reports, analyst reports, and fund manager marketing material for pension trustees: this data provided alternative sources of confirmation or contradiction of interview data. Attendance at practitioner events or conferences was another useful way of collecting material not normally available in the public domain". For the last five years (2000-2005), as President of the local IR society, the Hellenic Investor Relations Institute (HIRI), the author has been organizing several group presentations of clusters of Greek companies (4 or 5 listed firms) from different industries, with different liquidity patterns, shareholder structures, capitalization, etc. to present to most financial centres such as Frankfurt, Milan, Geneva, Paris, Toronto, New York city, Boston, Dubai, Copenhagen, Stockholm, etc. and to the local financial community. These group conferences are themselves a full and wealthy pool of IR information and observations.

1.7 Research progress

At the beginning of the current research, a pilot study was implemented, in order to check and fine tune the questionnaire, targeting first a university professor of Econometrics and Statistics and second two executives who worked for dual listed companies at ASE and NYSE. The rationale for this was that the companies with an American Depositary Receipt (ADR) programme try to ensure that publicly traded companies in the USA provide investors with information in a timely and forthright manner so that investors can make informed decisions in a complex market place. Starting in January 2002, the questionnaire was mailed to the listed companies, the analysts and the fund managers. After a period of 15 to 30 days following the mailing of the questionnaire, the author began calling for a personal interview, and, on average, succeeded in arranging ten semi-structured interviews per month for the following months. It took two years to complete the interviews. The semi-structured interviews were conducted with 76 company top executives, 44 analysts and 44 fund managers over almost two years. The semi-structured interviews had the primary advantage of allowing the executives to express their opinions and feelings about the effectiveness of the implemented IR programme as well as other selected IR issues. As Barker (1998) indicates, "Relatively simple semi-structured questions were used to encourage managers to talk in detail about their private disclosure to financial institutions". On the other hand, it was necessary to face the obvious and recorded disadvantages of the interview method (Holland, 2001; Marston. 1996b; Barker. 1996; Langhlin. 1995; Yin. 1994), such as the possible subjectivity from both the interviewer and the researcher (i.e. difficulties in comprehending and interpreting the questions and data), the probable bias in the data that can arise from this specific interview technique, the availability of time for the interviews (indeed, the predetermined time requested was 45 minutes but almost for all interviews the duration was double that time), biological issues such as fear and curiosity, and social and organizational obstacles such as the approval of others of the executive's perception on IR, the associated anxiety of revealing price sensitive issues on the part of the company's insiders, and others.

1.8 Subsequent chapters

Table 1.1: Structure of the thesis

Chapter		Objectives
1.0	Introduction	To introduce the scope, objectives and method of the study
2.0	The function of Investor Relations in Greece.	To describe the IR activities and to set up the IR framework
3.0	Regulated Corporate Disclosure and IR.	To expose the relationship between Corporate Governance and the IR
4.0	Corporate Disclosure via Intermediaries and IR.	To investigate the corporate communication effectiveness through information intermediaries
5.0	Voluntary Corporate Disclosure and IR.	To establish the IR effectiveness that is based on the voluntary mix of IR tools and means
6.0	Literature Review.	To review prior research
7.0	Research Design and Methodology.	To outline the research available methods and to justify the chosen research methodology
8.0	Data Analysis and Findings.	To analyse the IR practices and perceptions of the top management, analysts and fund managers.
9.0	Research Selecting Coding.	To integrate and refine categories as well as extract and elicit conclusions and recommendations.
10.0	Recommendations: Creating an Effective IR model.	To propose practical and effective IR programmes and tactics.

Source: Developed for this research

The structure of the thesis is outlined in Table 1.1, providing the headings and objectives for each of the twelve chapters. In short, the first chapter sets up the framework of this research endeavour. The second chapter exposes the function of the Investor Relations and the disclosure of company's information. Chapters 3, 4 and 5 summarize the three channels of communication by the listed companies. In particular, the mandatory disclosure is described as seen through the corporate governance principles and other regulatory bodies. The information through the intermediaries is described in chapter 4 and the means of discretionary disclosure is addressed in the subsequent chapter. Chapter 6 discusses earlier research in the same area and related theoretical postulations. Chapter 7 overviews the chosen and implied methodology of this study. In the next chapter, chapter 8, the collected data are analyzed and some important findings and conclusions from the three-targeted populations, the insiders, the analysts and the fund managers are presented in chapter 9. Finally, in chapter 10, the recommendations are presented.

1.9 Limitations

A detailed list of limitations of this research is displayed in the later chapters which suggest some directions for future research.

1.10 Summary

The basic intent and objectives of this present research study were displayed in this chapter. The definitions, the background of the Greek market, the rationale, the methodology and the progress of the research, and the questions were presented in order to outline the context and goal of the study. It is the first study in the IR area in Greece and the focus was placed on collecting hard evidence along with perceptions, misunderstandings and opinions from the top managers and the IR practitioners. Simultaneously, the study sets out to investigate the perceptions and opinions of a vital portion of the market's intermediaries: that of the analysts as information intermediaries and the fund managers as the information end users.

Chapter 2.0 The Function of Investor Relations in Greece

2.1 Introduction

This chapter will describe the application of investor relations in Greece as a corporate activity. An overview of the Greek capital market and its current life cycle stage and its relationship with the IR function is provided. Then following the aforementioned framework, the practising IR activities such as the use of an IR programme, its objectives and constraints and the IR tools used by the Greek listed companies are described. The description will be based on the available limited research that focused mainly on roadshows, multiple listings and offerings (Demos, 2005a; Kasimatis, 2004; Kefalas, 2002a; Kotofolos, 2004).

2.2 IR in the Greek capital market

An overview of the Greek capital market and the IR position in it will be described in this subsection. In past decades, the State and the Greek companies were trying to solicit foreign companies to establish factories and joint venture businesses in Greece. Recently, and especially during the last decade, the State along with the local capital market, the ASE and the listed companies and their IR departments, has been campaigning and drawing foreign capital to Greece from financial and strategic investors (Tsolis, 2004). The fact that Greece was ("and still is") an emerging rather than a developed market, and its inclusion in the emerging market indices as a major player for a long period of time, partly explains the minimal existence of the IR profession and activity. Foreign investors were not focusing on the fundamentals of the listed companies owing to their small size, their illiquidity and until recently their reporting according to the Greek GAAP (Monemvasiotis, 2004; Ntokas, 2003). In the minds of the Greek market participants, the IR activity, the IR department and the IRO are responsible for conveying information to all market participants as well as building relationships, mainly with the listed company's institutional investors (buy-side) and with the equity research analysts covering the stock (sell-side). These professionals demand prompt and accurate dissemination of relevant information and access to management (Demos, 2003a; Kotsis 2004; Leotsakos, 2001). An IR department tries to respond to those demands and requests in an open, frank and consistent way, and some follow a pro-active approach to building relationships with existing and potential institutional and retail shareholders, whilst ensuring effective use of management time (Gitzos, 2002; Kanelopoulos, 2002; Aloupis, 2002). Transparency and information disclosure practices of the listed firms have been improving continuously. However, their biggest challenge was (and still is) their inability to "sell themselves" to the local but mainly to the international institutional and retail investors. This is the job of a qualified and effective investor relations officer (IRO) and only a small number of the Greek firms have one (Demos. 2004b). The practical usefulness of the IR, along with a good institutional framework of corporate governance. will not only upgrade the Greek Stock Market internationally, but it will also draw new investment funds to the Greek Stock Market (Tegopoulos, 2002). The commitment of the administration of the ASE and especially that of its chairman, Professor P. Alexakis. as well as the understanding by other institutional bodies and the efforts by the local IR society (HIRI). were and still are received with great satisfaction by the entire Greek market for the need of the IR as the "gateway" to the information on and from the listed companies. (Papadogiannis. 2003: Koulouris. 2002a: Demos. 2003b). However. the IR was viewed differently by the management of the listed companies as well as by other stock market observers (Schina. 2004b). For example. some expected from the IR department mainly the mandatory information of the institutional bodies and the investors, more specifically with the quality criteria ''instituted'' by the ASE (Stergiou. 2001). What was even worse was that there were numerous people who believed and still believe that the IR is primarily a public relations activity (Ntokas, 2004b). A positive development for the IR profession was the establishment in 2002 of the local IR society (HIRI). The Hellenic Investor Relations Institute (HIRI) works with the management of ASE, the Capital Market Committee. the Association of Greek Institutional Investors (AGII), the Association of Certified Analysts. the two Associations of Members of the Athens Stock Exchange (SMEXA and SEDYKA). the related Ministries and other institutional bodies to create a sound and solid base of disclosure with the best communication practices in order to be able to attract long-term investors to Greek stocks.

2.3 The IR plan and its phases – Greek IR Life Cycle.

The IR industry in Greece has a life span of ten years. (the first IRO recordered in 1996). Therefore, according to the Life Cycle hypothesis, the Greek IR is in its fledgling stages. The author of this study was the first in-house IRO (appointed in 1996) and had worked as an external IR consultant before that. It should be noted that if in 1994 anyone had mentioned Investor Relations. even high profile market participants had no knowledge of what that meant (Demos, 2002e). In sharp contrast, in 2004 even the retail investor knew what IR is. and he was familiar with major aspects of the IR function.

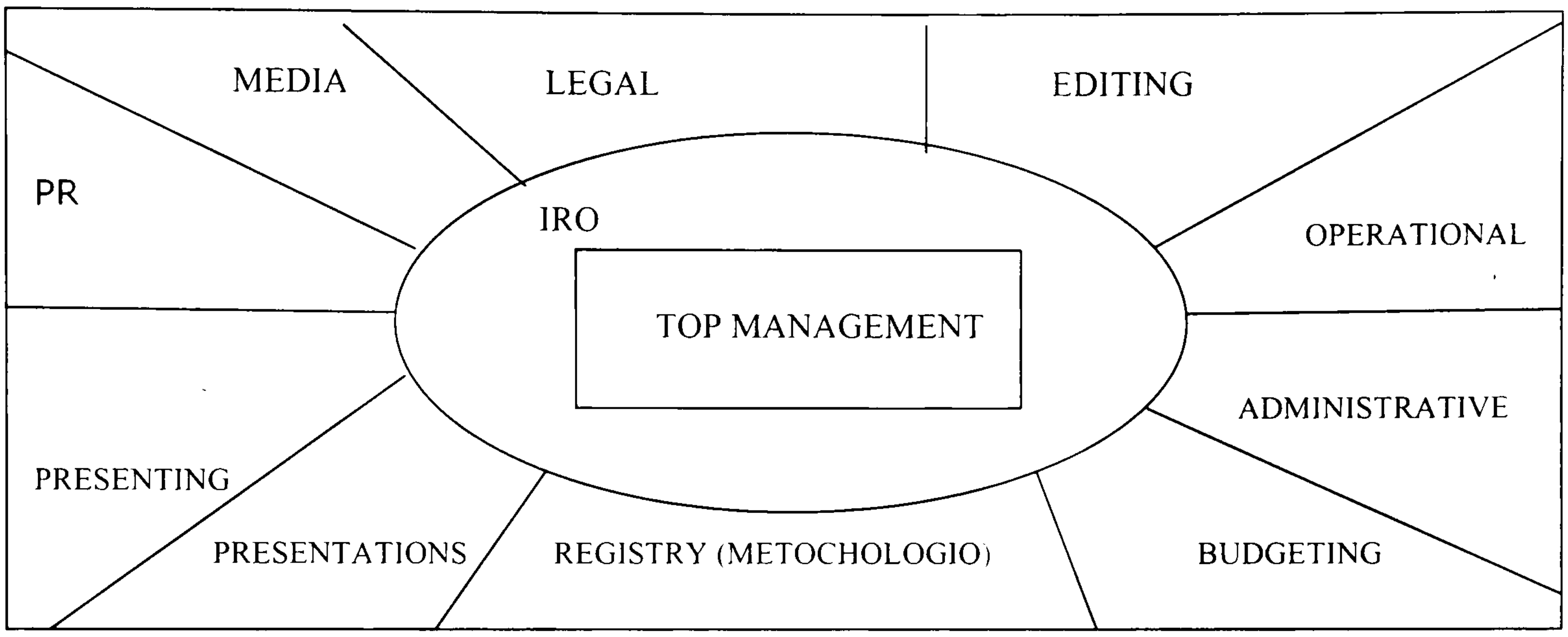
2.4 The IR objectives

According to international experience (i.e. IIRF conferences) and academic research, the basic aims of the Investor Relations (IR) department is the creation of trustworthy relations with the investors and the other market players; the direct and timely disclosure of a company's activities; and the strategic planning and programming of the IR activities in order to optimize the share price (Baker, 2002a, 2002b; Brennan and Tamarowski, 2000; Bruce, 1999; Baxt, 1999; Braznell, 1994). The IR programme is formulated to communicate and target audiences locally and globally, such as institutional and private money fund managers, analysts, bankers, regulators and even competition (Carpenter, 2004a; 2004b; Coggan, 2003). In Greece, no evidence of written IR communication programme was recorded before. The current research identified only partial use of IR programmes.

2.5 IR constraints

In order to reach its goals and bring results, the IR office must overcome endogenous and exogenous obstacles and constraints. Some of these constraints are related to diverse variables such as the perception and support of the top management, the IR budget, the structure of the IR department, the IRO's personality, the company's financial results and its strategy, the market conditions, the perception of the intermediary markets players which play an important role in the corporate communication process and the IR effectiveness (Marcus and Wallace, 1998; Essman, 1989; Ryder and Regester, 1988; Derriman, 1969). In Greece, the operational setting of the IR office and the profile of the IRO affect vastly the effectiveness of the IR programme (Demos, 2002a; Thomadakis, 2002). According to previous research on the IR's position and basic IR responsibilities, the IR office incorporates the editing sub function (i.e. polishing news releases, memos, etc.); the presentations section (i.e. preparing and producing company presentations, slides, tables, etc.); the registry or metochologio section (i.e. grouping shareholders, etc.); the administrative activity (i.e. organizing roadshows, coordinating meetings, updating the mailing list, email and fax database, etc.); the PR sub function (setting up dinners, Christmas presents, etc.); the media and legal section (dealing with financial journalists and filling documents, etc.) (Demos, 2002a; Schina, 2002b). The IR department needs a regular and timely information flow of input from the accounting and budgeting departments, the operations, the line or divisional managers, the board of directors' decisions and strategic direction, as well as access to competitive information and advice on legal issues (e.g. SEC disclosure requirements. avoidance of forward-looking statements. etc.). It is also necessary and good practice that the IRO. in some companies. has regular contact with senior management (Chairman of the BoD. CEO. CFO) as well as the middle operational managers. in order to have access to primary company's information and accordingly refine the messages to be delivered to the market (Ntokas. 2004c: Papandropoulos, 2002: Sakelari, 2002:).

Figure 2.1: Basic organizational Greek IR structure



In conclusion, it was recorded in Greece that the effectiveness and the performance of the IR department are also influenced by the organizational setting of the IR department in the company's structure. It was also found that few qualified investor relations officers (IROs) were in the Greek market. The companies needed an IRO with solid training, vast experience and amiable personality. He/she must comprehend the analysts' company evaluation models: the fund managers' buying patterns; and the journalists' incentives to write a good or a bad story on the company (Vergos, 2003f: 2002a; Papanikolaou, 2002; Demos, 2001a).

2.6 Greek corporate communication and IR tools

From the three major forms of disclosure (regulated. intermediary and voluntary). previous limited research efforts in Greece were undertaken on the voluntary tools and in particular on roadshows. dual listings and offerings. The findings on how these corporate communication tools were applied shaped and how they affected the IR programmes of the Greek companies. are exposed in the subsequent sections.

2.6.1 Roadshows

The largest Greek companies realised that in order to increase demand for the company's stock they had to provide reliable information to investors and especially to institutional investors directly. By visiting them and presenting their activities. strategy and the prospects. the company was very "close" to shareholders and prospective investors (Travlos. 2002). Their IR departments organized and implemented roadshow communication policies since they managed to attain company visibility. promotion of the stock and meetings with institutional investors (Ntokas, 2004a: Mantikidis. 2002b: 2000b; Kosmas, 2000).

2.6.2 Roadshows guidelines by the Athens Stock Exchange (ASE)

As mentioned earlier, during recent years but mainly within the year 2002. the ASE Board of Directors. as well as other institutional bodies. have intensified their efforts to create the conditions for direct contact between listed companies and investors (Georgas, 2002). Among other recommendations, Greek listed companies were actively encouraged by the Athens Stock Exchange to contact investors directly, through group presentations or one-to-one meetings, to participate in roadshows in Greece and in Europe, Northern America and Asia. The organization. operation and implementation of the road shows were at an "infant phase" since they were based on "formality and amateurism". The challenge is to implement a roadshow communication policy with substance, efficiency and effectiveness (Koulouris. 2002b: Sakelari. 2002).

2.6.3 Roadshows by Greek companies

Most of the Greek companies tried to reach and communicate with the fund managers by implementing roadshow communication policies during share capital. placements and other equity offerings (Alexakis, 2003; Antonakopoulos, 2003). According to previous research on roadshows by the author. a roadshow can be distinguished into three categories (Demos, 2001b):

I. <u>Relationship roadshows</u>, which are customarily performed by all big Greek companies at least once a year, in order to update the investors with the latest developments. They visit the major shareholders, minor shareholders and all other holders of their stocks, and they personally inform them on the latest progress and results achieved by the company.

II. <u>Proactive roadshows</u>, aiming to inform prospective shareholders and

III. <u>Offering roadshows</u>, performed during primary and secondary equity offerings.

The following are the basic factors and special features for effective roadshows to which the IROs and the IR departments must pay serious attention (Demos, 2001b):

1. The <u>analyst report</u> by the analysts who cover the listed companies. This report provides an objective presentation. analysis and evaluation of the stock and the company's overall financial performance.
2. An <u>artistic corporate presentation</u> which presents the company's activities and

overall strategy and compares financial results. The artistic corporate presentation is extremely important, especially in group presentations, as the research showed, because it differentiates the company.

3. The intermediary market player assigned to organize the road show (a foreign bank, a Greek brokerage firm, a company specialized in organizing road shows, etc.). The intermediary institution undertakes the pre–marketing and the perception study that identifies the interested mutual funds and persuades the prospective foreign institutional investors to dedicate some time and money to the company.
4. The company's management team assigned to present the company to investors may consist of the company's CEO, CFO and IRO. In most proactive roadshows, the research indicated that the IRO usually represents the company's management.
5. The roadshow duration i.e. two weeks, one week or just a few days.
6. The geographic areas covered by the roadshow. Target cities may be divided into large groups, such as: a) London; b) Edinburgh, Dublin; c) "Continental European" cities, such as Frankfurt, Paris, Milan, etc.; d) Eastern USA States: New York, Boston, Florida, etc.; e) Central USA States: Denver, Minneapolis, Kansas city, etc.; f) Western USA States: San Diego, LA, San Francisco, etc.;
7. The investment profile of the cities covered by the road show. According to the research, cities are divided based on their interest on equity investments, according to Value (e.g. San Francisco), Yield (e.g. Los Angeles), Momentum (e.g. Milan), Growth (e.g. Boston), High Growth (e.g. New York), etc.
8. The number of mutual funds the company team will visit in total and also on a daily basis. It was indicated by the Greek managers that five or six presentations daily do not reduce the efficiency and effectiveness of the presentation team.
9. The type of funds targeted such as mutual funds, pension funds, hedge funds, venture capital, etc.
10. The condition of the international financial markets.
11. The stage of the Greek stock exchange in its cycle, and
12. The industry of the company.

According to the research measured by the aforementioned 12 factors, every Greek company created its own roadshow communication strategy and targeted different cities to provide information to investors, analysts, banks, brokers etc.

2.6.4 Greek roadshow effectiveness

Based on the aforementioned factors, the author attempted to evaluate the effectiveness of the roadshows by Greek listed companies and also the relationship between roadshows and stock performance (Demos, 2002d; 2001b). The roadshows that were examined were purely relationship roadshows, which were regularly performed by companies with a good IR function. The companies visited major and minor shareholders in order to inform them on the latest financial results and company developments. Therefore, no proactive roadshows or offering roadshows were examined. Conclusions were drawn by researching sixteen (16) annual road shows performed by eight (8) Greek companies during a two-year period (April 1999 – April 2001). The sample contained a proportionately satisfactory number of dual listed companies at London or New York (LSE, NYSE and NASDAQ). It was considered a good sample, able to provide accurate information so as to draw somehow concrete conclusions, and the author has worked as an IRO for two dual listed companies in the sample (i.e. OTE and Antenna TV). The research focused on how the roadshows affect the price of the stock as well as the trading volume during the roadshows and also during the following seven (7) weeks after the roadshows have been completed. It was difficult to generalize, owing to the peculiarities of each stock; however, the research could generate further research attempts which would also include qualitative data such as the experiences and perceptions of the participants (managers and organizers), etc. The research showed that 27% of the sample indicated that the price of the stock was considerably increased (2% to 20%) after the roadshows. Similarly, 42% of the sample pointed out no change in the stock's price. Finally, the remaining 31% of the sample showed that the price of the stock suffered reduction, ranging from 1% to 23%. A 100% increase of the trading volume on average stocks was also observed for 63% of the sample. 18% of the sample showed that the trading volume was reduced by 20% on average, while the remaining 19% of the sample showed that the trading volume remained the same. The research findings were that roadshows increase the visibility of the Greek companies, promote their financial performance, growth and prospects and lead to an increase in the interest and demand of the underlying stock. In addition, all companies included in the sample regularly inform their investors and the public through web sites, press releases and conference calls. However, 73% of these companies did not manage to achieve a positive effect on their stock through the roadshows. The research also established that the companies involved did not pay primary attention to numbers 3, 5 and 6 factors, mentioned above, (duration, geographic coverage and organizer of the road show). For instance, it was found that a common mistake many Greek companies make when they make a transatlantic voyage was that they visit only New York and Boston, while a large number of cities in the United States and Canada receive no attention. Moreover, factors 8 and 9 (number and type of funds) are left to be decided by the organizers, while the interested companies do not insist on meeting certain funds. As far as factors 10 and 11 are concerned, (international market and company prospects), the sample showed that foreign institutional investors can be convinced and activated only by good companies with sound valuations and most important, with good management (Demos, 2002d; 2001b).

2. 7 Dual Listing and IR - The Greek experience

As of December 2002, there were 25 Greek companies that had their shares traded on at least two stock exchanges. By December 2004, 45 companies were dual listed on regulated exchange markets. The first "stop" for a company after its IPO on the Athens Stock Exchange is the London Stock Exchange, and the second "stop" is one of the American exchanges (i.e. NYSE and NASDAQ) (Vergos, 2004; Apostolou, 2004; Alexakis, 2002b; 2002a). The last and final stage is to list on the German Stock Exchanges (i.e. Frankfurt, Berlin, etc.) given that they are driven by stock demand since the listing fees in Germany is minimal (Demos, 2004a; Kotofolos, 2004). Like almost all non-US public companies, Greek firms move towards cross border listing in order to expand the sources of equity capital and reduce the cost of capital (Levis, 1996). In addition, there are specific motives such as:

- Financial: increase investor base and liquidity, attract capital, dispersion of share ownership, cost of listing and requirements and compliance with accounting principles.
- Organizational: increase sales activities and market potential and follow customers.
- Marketing: increase corporate image, name/brand recognition and prestige.
- Other: political and social factors, psychological issue, employee motivation, public disclosure requirements and accounting US GAAP.

2.7.1 Greek companies listed at multiple stock markets

As mentioned, shares of Greek companies are traded, apart from the ASE, on other stock markets such as the LSE, NYSE and NASDAQ, and on other European, mostly German, stock markets (Frankfurt, Berlin, Munich, etc.). Research has identified a series of reasons for companies heading to foreign stock markets for multiple listings (Bailey, Warren, Karolyi and Silva, 2000; Moel, 1999; Huddart, Hughes and

Brunnermeier, 1999). The Greek companies identified the effort to increase the liquidity of their shares as the most important reason for dual listing (Demos 2000b, 2000c; Levis, 1996). Global research for dual listing shows that the liquidity of the listed shares in multiple stock markets increases satisfactorily (Lang, Lins and Miller, 2003; Baker, Nofsinger and Weaver, 2002; Foerster and Karolyi, 2000; Karolyi 1998). It also shows that the shares originating from emerging markets have a noteworthy negative performance, while the shares from developed countries (Canada, Germany, France, etc.) have positive performance. Also, the share price of dual listed companies in the American exchanges follows the local price because the investors in the USA believe that the local investors are better informed and consequently follow the psychology and purchasing behaviour of local investors (Pasha, 2002; Pagano, Roell and Zechner, 2002; Sofianos and Pulatkonak, 1999; Miller, 1999; Levis, 1996).

2.7.2 American Depositary Receipts (ADRs)

Research on the ADRs shows that the challenge for the non-US dual listed company is enormous since the IRO has to convey all information in fluent English, to check and control arbitrage opportunities, to promote the stock across the USA, to deal effectively with the custodian banks and to cooperate efficiently with the underwriting banks (Lang, Lins and Miller, 2003; Khanna, Palepu and Shrinivasan, 2003). Nevertheless, its main IR objective is to search for more institutional investors. Identification of US institutional investors for both the ADRs and its ordinary shares is therefore a primary IR job. It is possible to identify and target US institutional investors either on the basis of the filings to the SEC by the funds or via the pre-marketing by the brokers of the global banks such as Citibank, Lehman Brothers, Morgan Stanley, Credit Suisse First Boston, etc., or via the proactive efforts by the IR office (Blak, 2005; Judd, 2004b; Leuz, 2003; The bank of New York, 2002; Levis, 1996). All major financial institutions must disclose their holdings to the SEC in the USA. The frequency of SEC filings for ADRs disclosure is for US and foreign institutions every quarter and the latest six months. Filing is done through the 13F Form, which must be submitted to the SEC within 45 days after the end of the quarter (NYSE, Listed Company Manual, 2000b). Most of the US institutional investors are not required by law to disclose their holdings of foreign ordinary shares, in contrast to ADRs whose holdings must be disclosed periodically. However, a substantial number of US institutions do disclose their holdings in foreign ordinary shares at the same time as they report their holdings in ADRs (Leuz, 2003; Levey, 2000; Andersen, 1995). When prospective investors for Greek stocks are identified via the pre-marketing of major banks and brokerage firms, the success and extent of coverage depends on the sales people of the banks (how many people, cities they are cover, regulation constraints, etc,). Global banks cover all major cities of the markets, have stronger "personal" relationships but usually focus on funds that invest in the big capitalization companies (Demos and Papadakis, 2000). On the other hand, brokerage firms, mainly local ones, have better rapport and relationship with funds that invest in small and medium cap companies, which match the majority of the Greek listed companies (Vergos, 2003f; Alexakis, 2002b; Demos, 2000a). Finally, when targets are identified via the IR departments, the effort and results are more custom-made, since the IRO has access to the shareholder registry, which is a good starting point of identification. If, for example, Fidelity is a major shareholder, the IR can combine tactics and strategy to target other Bostonian funds in order to expose the "growth" story via the "sponsorship" of Fidelity as a big shareholder. In addition, the track record and standing of the IRO play an important role also (Baker, Nofsinger and Weaver 2002; Demos, 2000b; Sofianos and Pulatkonak, 1999).

2.7.3 Preliminary results of ADR listing by Greek companies

Research results of two Greek listed companies (on the ASE and the NYSE) were identified by statistically correlating, examining the available data and interviewing participants such as top management, underwriters, lawyers and custodian banks (Demos, 2000b). The sample was small and the period relatively short, but nevertheless it was the data available by that time. It was observed that the liquidity increases while the volatility of the two shares was decreasing, and one reason was that the trading of the shares continued for many hours (approximately eight hours more), from the moment of ASE closing. Consequently, the ASE share prices of the two Greek listed companies converged with their ADR prices, because of the extended timetable of their trading. Also, the large number of investors and traders (since American brokers traded the stocks) contributed to the reduction and elimination of the bid and ask spreads and the trade was made. It was also observed that on average, during the period from October 1999 to October 2000 for which comparative data was available for the two shares, the closing of the price in the ASE influenced very positively the closing of the share price in the NYSE. The price of the OTE share in Athens led the share's price on the LSE by 90%, since it was dual listed for the first time on the LSE in June 1997. After the listing on NYSE, the price of OTE's share on the ASE guided the share of

OTE in the USA by 62%. Similarly, it was found that the price of NBG's share influenced very positively the price of NBG in the USA by 75%. This implies that in the beginning of the multiple listing, the foreign investors do not know the Greek company well and, believing that the Greek investors know it better, followed the movements of local investors. Three years later, the foreign investors had their own opinion and direct information from the company, and had become significantly information independent. The increase by 250% of the number of analysts covering OTE, from 15 in 1997 to 55 in 2000, also decreased information asymmetries between Greek and foreign investors (Demos, 2000b).

2.8 Share offerings and IR

Research indicates that share offerings encourage corporate communication and increase the establishment of the IR office (Heron and Lie, 2004; Palmiter, 1999; Lang and Lundholm, 1997). The development of a local as well as an international flotation plan takes place in these three phases. As local research has found, three IR action plans match the three different but interrelated phases of an equity offering and its consequential IR activities specific to each stage may be followed. The three stages are: a) Pre-offering; b) During offering; c) Post offering. The responsibility of the IR office is to act as a main contact point and driving force, along the three aforementioned interdependent phases (Demos, 2002a; Kontogiannis, 2001). An integrated three-phase communication and IR strategy contains the first phase, which covers the period leading up to the IPO, focusing primarily on building the profile, "behind the scenes" preparations work and execution of the offering; the second phase that includes the launch, roadshow and the period immediately surrounding pricing of the offer; and the third phase that continues the proactive IR activities such as the regular communication policies, roadshows, press releases, etc. (Lempesi, 2004; Demos, 2001a).

2.9 Conclusion

The basic characteristics of the Greek IR industry were exposed in this chapter. The IR profession and industry are in the early stages of their life cycle and there are only a limited number of IR practitioners. As limited local research has found, the most effective way of communication for the Greek companies and the IR practitioners is the direct contact with the foreign institutional investors. The Greek companies are required to be proactive. They should coordinate a strategic corporate communication programme and an aggressive IR plan to reach the global investment community.

Offerings, roadshows and dual listings, if properly executed, build visibility and momentum for the company in both Europe and the U.S. Most of the Greek listed companies, especially the smaller ones, are challenged to promote their cases globally, to attract attention and have permanent visibility. The acceptance and use of the IR function is a major tool to accomplish these goals.

Chapter 3.0 Regulated Corporate Disclosure and IR

3.1 Introduction

This chapter will describe the relationship between Regulated Corporate Disclosure (RCD) and IR (Appendix X). Regulation. especially via the Corporate Governance (CG) rules and the US SEC. and other Securities and Exchange Commissions such as the European Union's directives and the UK regulations have been intensified during recent years. In the CG-IR context, there exist empirically two opposite views/arguments. Some argue that since corporate communication is canonized by the CG regulation then the IR takes a secondary seat and becomes, if not obsolete. the passive voice of its master (Alexakis. 2003: Coffee. 1999: Brancato. 1997: Whittington, 1993). The proponents of this view accept that the IRO simply has to implement the CG directives and that everything is satisfactory. Conversely. the opponents believe that the IR practitioners and company executives should not be restricted and the firms should communicate their information and news voluntarily (Dalton and Dalton, 2004; Travlos. 2002; Milue and Chan. 1999). The question that arises from the former argument is what the role of the IR is if CG imposes a universal set of codes and rules even concerning the timing and frequency of the information disclosure. This chapter will examine the Corporate Governance issues and evolution in the global market. especially in the Greek financial market. As mentioned in the previous section, the principal means of regulating IR can be identified as:

Table 3.1: Mandatory disclosure and IR tools

a.	Annual Reports
b.	Interim Reports
c.	Annual General Assembly
d.	Extraordinary General Assembly
e.	Financial Statements
f.	Footnotes on financials
g.	Management discussion and analysis
h.	Filings

3.2 Corporate Governance (CG)

The term Corporate Governance (CG) refers to the relationship, responsibility, power and information among all market participants such as shareholders. management. administration. employees. stakeholders, capital market authorities and government (Charkham. 1995). Shareholders are the retail-individual and institutional investors, who own stock of companies listed on a stock exchange. Management is the top executives who run the company. such as the CEO. the CFO, et al. The people who comprise the senior management team are also the "insiders" of the company's information. Administration refers mainly to the board of directors, whose job is to approve the management plans. Employees represent the majority of the people working in a company, from upper management to the lowest level. Traditionally, this group forms some of the stakeholders, but it is mentioned separately, because some, if not most of them, are the information insiders and therefore play a major role in the disclosure process. Stakeholders are those directly affected by the operation of the company; these include suppliers, customers, banks, local community and employees. Capital market authorities are the governing bodies of the capital market, such as SEC, in Greece Capital Market Committee, stock exchange authorities, etc. Government is the law setter in any land (Hoepner, 2002; Charkham, 1995; Keasey and Wright, 1993). Theoretically, the separation of ownership and control of the companies, and the inability to clarify and define concrete contracts between owners and managers, have created the agency problem and consequently a number if not the majority of corporate governance issues come into existence. These issues have existed in the corporate world for many years, especially in the Anglo Saxon business setting, and in the UK three codes of business practice have been initiated to define and balance governance, accountability and enterprise. The Cadbury Committee in 1991, the Greenbury Committee in 1995 and the Hampel Committee in 1998 were set up in order to improve governance. The Cadbury report, as Stiles and Bernard (1993, p. 61) state, "was published explicitly in order to put pressure in British boards to change their behaviour and to adopt new practices in corporate governance". Along the same lines, Short, Keasey, Wright and Hull (1999, p. 337) found that "the overriding emphasis of the Hampel Report is the need for good corporate governance to be based on principles rather than prescription" and they add (p. 338): "this shift in emphasis, from a focus on accountability to the need for governance systems to provide structures and incentives to allow business enterprise and prosperity to flourish, is clearly embodied in the Hampel Report". As a result, Corporate Governance is a system of checks and balances that directs and controls the corporate power. Therefore, a CG system or code is a power system which is given to all corporate entities and is taken away from wrongdoing business concerns. This transfer of power requires a workable business environment and a free framework of effective accountability. Indeed this power struggle and/or transfer have been recorded for a long time. As the Economist reports: "More than 60 years after the Securities and Exchange Commission (SEC) first contemplated democratizing the election of company directors in America, the bureaucrats in Washington. DC. have mustered the courage to take a first. bold step on the path to reform. Yet boardroom fears of this revolution seem a tad overblown. Prompted by the thought that shareholder participation might encourage a greater sense of responsibility among owners and accountability among directors, the SEC has proposed a limited form of enfranchisement" (Economist, 2003u). The financial and information intermediaries play their own part in the CG environment. Thus, the parties auditing the company. e.g. chartered auditors, those analyzing its performance. i.e.. analysts. rating agencies and the mass media. and finally the investment banking institutions and brokerage firms. also participate in Corporate Governance. in various ways. It must be stressed that this research study refers mainly to companies listed in stock exchange markets. But CG also applies to other companies. e.g. public corporations, non-listed companies, private companies etc. (Hil. 2002a; 2002b; Bogler. 2000; Tashjian, 2000).

3.2.1 Purpose and motives of Corporate Governance

The initial purpose of CG was the protection of the shareholders' rights in a listed company (Demirag, 1998; Whittington, 1993; Stiles and Bernard, 1993). The first pressure came from the international institutional investors who invest more and more in the listed companies and consequently expect not only transparency of information but also participation in the corporate decisions and actions. Even up to the present day, "institutional investors have been taking their role far more seriously than before, at least for now. It is encouraging that on both sides of the Atlantic shareholders have been taking a tough line with corporate boards that reward the boss munificently while the company flounders. In Britain, investors have kicked up a fuss over pay at Reuters, Shell and EMI. a big music group that has now decided to back down. In America, those under attack include General Electric and Hewlett-Packard. One of the main problems with establishing good corporate governance is that ownership is dispersed. But institutional investors own a bigger share of American equities than ever before: 49%. four times as much as 40 years ago. As the institutions' share of equities rises, so the option to sell declines and the case for raising a stink gets stronger. If institutions behave like owners, companies will be well governed. Regulators must remove all obstacles that discourage them from doing so. Then it will be clear whether bad governance springs from market failure or investor apathy" (Economist, 2003κ). The trend towards more responsible and efficient forms of corporate organization and administration has been affected by recent events (Kroen. 2005; Judd, 2004a). In fact. the rush of mergers. acquisitions and takeovers on a global scale. the emergence of non

US multinationals, the mini (country specific) financial collapses such as those in Thailand, Russia, Japan, Brazil, etc., the hedge fund turbulence (i.e. LTC), the collapse of communism and the subsequent prevalence of the market economy, the accelerating globalization, the privatizations, the increasing role of stock markets in relation to bank borrowing in financing of companies, the increasing role of institutional investors and the strengthening of stock options and the recent global stock market bubble, all have increased even more the importance of Corporate Governance (Economist, 2003ii; Croft, 2001; Plender, 2000b). As a result, shareholder activism is on the rise globally. As the Economist reports: "Disney is but the most prominent of a number of cases where shareholders are asserting their rights over their companies' managers in a newly aggressive way. And it is not just in America that their muscle is being flexed. In Britain this week the chairman of Royal/Dutch/Shell, Sir Philip Watts, resigned after shareholder pressure following his belated and over-relaxed presentation of the downgrading of Shell's oil reserves. Increased shareholder activism and tougher, more independent boardrooms have "the potential to remedy the situation". The imperfections in the market for chief executives are considerable and it is up to shareholders and their representatives in the boardroom to improve the functioning of that market. Even if a talented, and honest, chief executive is at the helm, shareholders need to know what he is doing and why" (Economist, 2004ξ). Indeed, the governance issues have been intensified with financial scandals such as the developments in Enron, Arthur Andersen, WorldCom, Xerox, Tyco, Adelphia, Global Crossing, Martha Stewart and in other large US companies, and more recently in some giant European companies also such as in the French Vivendi, the Swiss-Swedish ABB, etc. Common issues on the aforementioned financial crises include the deception of the investors by the senior executives, the non-existent or inefficient internal auditing mechanisms, the incompetent external auditors, the obscure relations between listed companies, analysts, investment bankers and brokers and the indifference or insufficiency of the regulatory bodies to control the "irrational exuberance" (Hill, 2002b; Frederick, 1999). Therefore, it is clear today that CG, which started as a protection movement mainly of individual but also institutional shareholders who do not have the inside story and information of the companies they invest in, has in fact been called to help re-establish the confidence of investors and the public faith in the capital market setting, through transparency, auditing and the appropriate role of the board of directors (Sax, 2003).

3.2.2 Global CG and regulated corporate disclosure

The corporate governance framework, as proposed by Keasey and Wright (1993, p. 12), suggests that effective governance includes "a multi-faceted set of activities involving institutional investors, insider and outsider board membership, executives with appropriate incentive-based remuneration, board committees, auditing, the market for corporate control, etc.". International organizations and academic institutions have joined forces to research and propose CG principles. Along these lines, the OECD issued the "OECD Principles of Corporate Governance" in 1999. They cover five areas: (i) shareholders' rights, (ii) equal treatment of shareholders, (iii) role of stakeholders, (iv) the dissemination of information and the transparency and (v) the role of the Board of Directors. Each one of the five areas also contained concrete propositions (Corporate Governance, 1998). Other international bodies, such as the World Bank, the Commonwealth Association on CG, the International CG Network, etc., have also focused on and published similar reports (Avgouleas, 2004; Nikoletopoulos, 2003; Corporate Governance, 1999, Thomson, 1994). In 2002, the Sarbanes–Oxley Act was passed and became law in the USA. Its main features are obligating the CEOs and the CFOs of listed companies to certify personally the financial results of the companies, prohibiting loans to members of the Board of Directors and managing officers, providing penalties of imprisonment for those implicated in corporate frauds, setting a two – day notice of the announcement of trading of shares, etc. Some CG regulations, such as the King Report in South Africa, the code of the Toronto Stock Exchange, etc., have been produced by the stock markets of the respective countries, especially the Anglo-Saxon countries, because of their shareholder-centred culture (Economist, 2004viii). There are also private sector initiatives such as that of the GM's Board of Directors in 1994 with the title "General Motor's Board Guidelines on Significant Corporate Governance Issues." Also, in January 2002, the CG European Institute was founded in Brussels. Across the European Union a similar fever and focus on CG issues have been observed. In Germany a strenuous effort has tried to combine proper CG with the applicable model of the German consensus capitalism, an evaluation of the CG in the listed German Companies has been attempted, and a scorecard for German Corporate Governance has been published. CG "fever" has been observed in Italy, in Sweden and other EU member states. In 2001 the European Code for takeovers was voted on and agreed, and in 2002 the propositions for a European CG system were submitted in the hope that they would become the rule and a European Union directive by 2004 (Economist, 2004c; 2004k, 2004β; Avgouleas, 2004; Atkins, 1998). Efforts by the institutions in Japan also and as far away as Mexico have also been made in order to establish an appropriate corporate governance framework and to make family controlled listed companies more transparent. All the aforementioned initiatives concerning the above entities have been imposed by the need to maintain an atmosphere of faith in the market so that the investors may be attracted and protected, also giving, perhaps, a premium to companies with proper CG (Economist, 2004c, 2004d; Judd, 2002b).

3.3 The Corporate Governance framework in Greece

The Corporate Governance framework in Greece, as in many other countries, is based on the relations among the different agents or market participants that affect the governance of the firm as well as on the effect and impact that these relations have on the firm's accountability, effectiveness, efficiency and performance. As already mentioned, most of the issues concerning these relations arise from the agency problems, which are associated with the separation of ownership and control that has taken place only during the last decade in Greece (Demos, 2003d; Chatziemmanouil, 2002; Kefalas, 2002a; Mertzanis and Avlonitis, 2002; Thomadakis, 2002). On the application of CG principles there were three significant difficulties: (a) the strong decline of the ASE since 1999, (b) the relatively small size and the family structure of quite a large number of the listed companies and (c) the disagreement concerning to what extent the related regulations had to be voluntary, or enforced by law (Augouleas, 2004; Alexakis, 2003; Drakos, 2002). The acceptance and the importance of CG for the Greek companies and their top management have become clear and vital particularly now that the Greek companies are operating in the highly competitive environment of the European Union. Until 1998/1999, Greece had considerably delayed adjusting to the contemporary trends of CG. However, from 1999 onwards, most of the institutional bodies such as the Capital Market Committee, the ASE, the National Economy Ministry, and other business organizations have been CG activated at high speed. In particular, during the late 1990s, an attempt by the ASE to "gather" all recent developments on CG was a welcome initiative. Consequently, another similar CG initiative by the CMC led to the production of the so-called "white paper" on CG in 1999, following the "OECD Principles of CG", as mentioned before. This publication has made propositions (non obligatory for the listed companies), following the OECD model, in the following areas: Rights and obligations of shareholders; Equal treatment of shareholders; Role of the company's business associates and of the agencies with legitimate interests in the company; Transparent disclosure of information and audit; The Board of Directors; The non - Executive Members of the Board of Directors; and

The Executive Management (Vergos. 2003a: Nikoletopoulos. 2003). Towards the end of 2000. the CMC proposed and passed two resolutions. (1/195/19-7-2000 and 5/204/14-11-2000), which dealt with the special and significant subject of transparency. They obliged the companies to disclose information on takeovers and buyouts. expansion plans. inside information. trading by the top management, trading by auditors. internal auditing departments and shareholder registry. On 17 May 2002 the first Greek law (N. 3016) for the CG was published. It deals with subjects such as the composition and obligations of the Board of Directors, the internal audit. the inside information and the terms of increase of the share capital. On 27 June 2002 the ASE Board of Directors announced that. for the next year. only 21 out of the 355 companies listed in the ASE had achieved full compliance with the four qualitative criteria proposed by the ASE. The four main criteria referred to the existence of an updated. informative and "friendly user" company website. the number of group and/or individual presentations and meetings, the adoption and implementation of corporate governance issues (structure of the BoD. non-executive members. etc.). and the liquidity of the stock and bid-ask spread patterns (Alexakis, 2003; Xanthakis, 2003; Vergos. 2003c). In July 2002, a draft law was submitted for the ''Constitution of a Standardization Accounting and Audit Committee and other related Provisions'', and the law 2992 / 2002 was passed and voted by the Greek parliament for the implementation of the IAS regulation. Recently, the application of three EU directives. already approved by the European Parliament, was promoted. Their main subjects were the avoidance of market abuse, the content and the procedure of approval of the Prospectus on the listing and marketing of securities in the stock exchange. the review of the framework of investment services provision. and the implementation of the International Accounting Standards in the EU land. Greece has planned to make these directives law and regulation in the land by early 2005. With some delay, it became law in summer 2005 (Economist, 2004iii; 2003i; Economicos, 2002). Listed firms, mostly of small capitalization, were - and some still are - in a race against time to meet the deadlines for the application of the rules of corporate governance. Even worse, the associated costs in terms of money, time and know-how drive the small capitalization firms to speculate even de-listing scenarios. Most of the listed firms, however. schedule extraordinary general meetings (EGM) to comply with and approve changes that will bring them in line with requirements. Some, however. are failing to do so and they are subject to fines (Dimitriou. 2004; Ntokas, 2002d). Overall. firms seem to be split into two "speeds." Large-capitalization companies. mainly those comprising the FTSE/ASE-

20 and 40 indices, carry out the required changes on time and some go and have gone beyond what the law stipulates. Some, however, struggle to comply and indeed still have much to do in essence, particularly concerning the entry of non-executive, independent members onto the board of directors and the introduction of mechanisms for coordination and internal control and elections of new boards. "The provisions of the law are no different to those in other countries," says research economist Lucas Spanos, of Athens University, who stresses that "the chief weakness of most Greek listed firms lies in the organization and functioning of their boards of directors, due to the predominance of family members and the lack of internal control". The issue is timely not just because of the special laws, but also mainly "because it directly concerns the modernization of Greek enterprises and economy," Spanos adds. The main issues which corporate governance is seen as addressing in Greek firms are business planning procedures, a more active role for the board of directors, the development of organizational and administrative structures, performance measurement, coordination and internal control mechanisms, personnel selection systems, appropriate remuneration policy and the promotion of business culture (Ntokas, 2004a; Vergos, 2003d; Gounari and Kalamara, 2002). A recent research study has shown that Greek listed firms that apply accountable practices of corporate governance enjoy lower capital raising costs and higher valuations, as a result of a "credibility premium" that may be as high as 25 percent (Vergos, 2003b). Some Athens bourse-listed firms complain that corporate governance entails higher operating costs in lean times. But Spanos is categorical: "It is an investment with a high return. The foreign markets want it, the Greek fund managers want it and firms give a better picture of themselves." He adds that it is necessary for firms to make more changes, such as introducing web pages with information for investors in Greek as well as English, regularly publicizing corporate events and applying the rules of corporate social responsibility beyond charities and sponsorship of social events, as major Greek corporations are accustomed to implement. "Corporate governance practices are proven to do away with many obstacles to business, but it is imperative that firms are encouraged to apply them on a voluntary basis" (Ntokas, 2004a; Kefalas, 2002b).

3.4 Channels of Greek Corporate Governance

In the following sections the three main channels of Greek corporate governance such as local incorporation law, securities law and stock exchange listing requirements will be described.

3.4.1 Main considerations

The Greek corporate framework is based on the law 2190/20, which has constituted the legal guide for Greek companies for almost 80 years. In addition, this law had some critical subsequent modifications, especially by the Presidential Decrees 350/1985 and 512/1992 as well as a series of Ministerial Decisions, such as article 55 of the law 2396/1996, and the law 2733/1999, which tried to settle different corporate issues. These steps have been taken in order to increase the level of transparency and accountability of listed companies. Indeed, the Presidential Decree 512/1992 was amended so as to provide more information on the changes in corporate ownership of the main shareholders of listed companies (Milonas, 2002; Kiriakopoulos, 2002). The most important amendments were incorporated in the Law 2733/1999. They state that changes in voting rights that equal or exceed the 5% limit must be disclosed both to the supervisory authority and the company within the first day following the transaction (the previous period was 5 days). Changes in the voting rights of a shareholder who owns more than 10% of the total voting rights as well as any change in the voting rights that exceeds 3%, must also be disclosed. In addition, changes in the voting rights of the members of the company's board of directors and senior management must be disclosed. Brokerage firms must disclose to the Capital Market Commission all executed transactions on shares being under special surveillance or under special status, as is defined by the competent authorities, and their value exceeds 5% of all daily transactions executed on each share (Nikoletopoulos, 2003; Kiriakopoulos, 2002). In October 1997, a committee was established in Greece, and in November 1999 it issued a set of recommendations on corporate governance on best practice in the country. These recommendations followed generally the spirit of the OECD principles on corporate governance, but they also took into consideration the Greek corporate practices. This Committee on Corporate Governance put these recommendations into the "blue book" and took into account not only the particularities and peculiarities of the Greek corporate structure but also the prevailing practices of the leading European Union member states (such as the U.K., France, Germany) as well as the existing framework and recommendations of the OECD, (contained in the OECD Principles on Corporate Governance). The main element of the Greek CG is the functioning of the Board of Directors. Its central role is recognized not only for monitoring the efficiency of the executive management and the accountability of managers and the board to the shareholders and stakeholders, but also for ensuring the establishment of the best performance conditions and the strategic leadership of the corporation. For instance, the "Blue Book", in a very light, prescriptive mode, mentioned the conflict that arises when the CEO holds simultaneously the position of the Chairman of the board. Similarly, the blue book on CG recommended the maximum number of the Board of Directors to be no more than 13, possibly to satisfy at this point the control element in the joint stock companies in Greece (Nikoletopoulos, 2003; Mpitros, 2002). In Greece, as in many other European countries, corporate governance practices are established through three main channels: (a) incorporation law, mostly the law 2190/1920 and its amendments, (b) securities law and (c) stock exchange listing requirements as well as guidance and benchmarks.

3.4.2 Incorporation law

Generally, incorporation law in Greece deals quite satisfactorily with corporate governance issues, such as corporate boards, voting rights, corporate remuneration policies, stock ownership, etc. However, there are areas in which improvements have been made over the past few years and some other areas where the incorporation law could be amended. Some clauses have priority over corporate governance and securities law and affect corporation practices. For instance, incorporation law and corporate governance can be complementary, reflecting new needs and practices, such as:

- The issuance of only one class of common shares, with a voting right, that in turn strengthens minority shareholder rights. Moreover, the voting rights of minority shareholders should be strengthened to encourage the efficiency of the oversight by shareholders of corporate management and to ensure its transparent operations, and that comes with the corporate governance rules. Furthermore, the overall condition for exercising minority shareholders' rights should be reduced from the present 5% to lie in the range of 1% through 3% of outstanding shares.
- The existence of registered shares (and the complete abolition of bearer shares) that uniquely reports the end owner of the underlying share(s) and helps basic activities such proxy voting and electronic voting in the AGMs. In addition, the dematerialization of the Athenian shares eliminates risks of fraud, theft, etc., and clarifies issues such as control and voting.
- The establishment of new voting procedures that include possibilities of postal or electronic ballot. Thus, the voting reflects better and more the opinions of minority shareholders in the annual or extraordinary general assembly. Furthermore, changes in the procedures of the board of directors meetings should be established to allow directors to attend the meeting not only in person but also through teleconference procedures.
- The strengthening of the supervisory efficiency and effectiveness of the board of directors and providing a proper balance between accountability and enterprise. This came about through the establishment of non-executive (outside) and independent members in the board, a sub-committee system for the board, efficient auditing procedures that promote

proper information disclosure practices, and of the International Financial Reporting Standards (or the International Accounting Standards (IAS).

- The empowerment of "controlling" shareholders, who exercise powers to influence and control managerial decision procedures and bear the corresponding legal responsibilities for their participation in management decisions. In this respect, the company's relation with its creditors is particularly important.
- The strengthening of the responsibility of the board directors, in particular with regard to recording in detail the board meeting views of directors who opposed certain agenda and the reasons for the opposition. Also shareholders might be allowed to read and copy the details.
- The establishment of practical procedures governing takeover, acquisition and merger activity and securing the accountability of management to the board of directors and ultimately to the general shareholder meeting.

The majority of these issues is also dealt with by the securities legislation, as shown below, and affects vastly the corporate communication practices and the investor relations programme. For example, should the IRO spend time to inform minority shareholders (retail investors and individuals) and how much? Is the IRO legally protected if he/she participates in the board of directors meetings as a non-voting member? Moreover, how is he/she protected when an insider and official spokesperson for the company detects wrongdoings by the controlling shareholder? What is his/her responsibility, since no legal action against IROs has been witnessed, but CEOs and CFOs have been sent to prison for their corporate actions and misleading information (Economist, 2003i; Vergos, 2003a; Nikoletopoulos, 2003; Plantzos, 2002b; Ntokas, 2002e).

3.4.3 Securities legislation

Securities legislation has been the most important channel for the improvement of corporate governance practices in Greece. The appropriate legislation includes state laws, rules and regulations introduced by the Hellenic Capital Market Commission (CMC), rules and regulations introduced by the Ministry of National Economy in Greece, as well as self-regulation practices (Antonakopoulos, 2003; Nikoletopoulos, 2003; Thomadakis, 2002). First, law 3016/2002 became effective in June 2002, and its main objective is to protect the shareholders of the listed companies. By pursuing this objective the law focuses on two main issues: (a) the structure and workings of the Board of Directors and (b) the role of the Audit Committees as well as the Internal Control committees. In particular, the law promotes the nomination of truly independent directors (at least one third (1/3) of the total number of the board(s). In addition, it pursues the establishment and the strengthening of the audit committees. Second, law 2836/2000 became effective in July 2000, enhancing the supervising powers of the CMC. These powers involved (a) the expansion of the CMC's authority to introduce extended rules and regulations regarding trading conditions and the general level of transparency and the quality of information disclosure by companies listed in the ASE, (b) the more effective control of the process duration and the minimum requirements for the licensing of brokerage firms and the approval of changes in the capital structure of listed companies, (c) the introduction of 'fit and proper' criteria for the conduct of business by listed companies, capital market agents and personnel and (d) the safeguarding of the CMC legislative and auditing actions against civil liability. Third, in 2000, the Ministry of National Economy introduced new rules regarding the general operating conditions of the capital market. The rules (a) raised the minimum level of the initial share capital required for the listing of a company's shares in the main market of the ASE to 11.7 million Euro and for the listing in the parallel market to 2.9 million Euro, (b) raised the amount of compensation provided by the Compensation Guarantee Fund from 20,000 Euros to 30,000 Euros, (c) changed the method of calculation of the daily closing price of individual stocks and the general index in the ASE (the latest method calculates the daily closing price as a weighted average of the prices recorded during the last 30 minutes of trading) (Baskozos, 2002; Klavdianos, 2002). Fourth, the following rules and regulations by the CMC enhanced market integrity and the level of accountability in the market. These rules strengthened the market's safety by specifying conditions for the imposition of trading halts on transactions in the Athens Derivatives Exchange (ADEX); specified the amount and quality of information required for setting derivatives contracts; specified the terms and conditions for engaging in derivatives transactions by collective investment institutions (CIS); raised the daily price fluctuation limits of individual stocks traded in the ASE from initially ±8% to ± 10% and then to ± 12%; introduced a set of rules regulating the conduct of a tender offer in the capital market; set the conditions for engaging in repurchase agreements by CIS; set the terms and conditions for engaging in *short sales* activities; amended the process of the clearing and settlement of transactions in the ASE, thus securing the efficiency of the dematerialization process; raised the minimum level of the initial share capital required for obtaining a licence to set a mutual fund management firm from 293,500 Euros to 1.2 billion Euros; and properly readjusted the level of contributions as a result of the Compensation Guarantee Fund (Kapernarakou, 2002; Anastasiou, 2002). Fifth, the CMC introduced rules regarding the operation of the newly instituted New Market, in which innovative and dynamic companies are encouraged to seek investment capital. These rules set the terms and conditions for participation, share ownership and its distribution, the conduct of business, market-making activity and underwriting obligations. Sixth, the capital market framework was improved through the introduction of rules by the board of directors of the

ASE, which set more transparent procedures for the approval of companies applications wishing to list their shares in the exchange; introduced stricter provisions for the approval of these companies' prospectuses and set stricter time limits on underwriters for meeting their obligations; set the terms and conditions for the listing and trading of shares in the New Market; amended the terms and conditions for the subjection of individual stocks under special surveillance and liquidity status; dealt with certain technical issues concerning the operation of the ASE electronic trading system (Kavouropoulos, 2001). Similarly, the securities legislation affects the investor relations practices since it deals with specific communication issues such as the trading of the stocks, the available information in the prospectus during an offering, analysts' and broker conduct, depth and characteristics of the company's registry, liquidity and trading of the stocks, transparency procedures, etc. (Xanthakis, 2003; Drakos, 2002; Katramadou, 2002a; Milonas, 2002).

3.4.4 The Athens Stock Exchange listing requirements

Following the establishment of outside directors in basic corporation law, the regulation for listed corporations has been amended, in the form of changes in the Athens Stock Exchange's listing requirements, to require the board of directors to include outside directors of sufficient number and quality. The issue of independence is therefore emphasized, and the terms and conditions for independence are strengthened by preventing the appointment of persons who have had either some relationship with the corporation in the recent past or difficulty in performing their duty. The ASE moved beyond formal regulation by introducing the so-called "stock star system". It recommended that the executives of the listed firms take a careful look into the group of "qualitative criteria", for the listed firms, that the international investment community takes into consideration during the decision-making process of buying stocks or not. In fact, the management of the ASE correctly diagnosed that Greece, as a peripheral and small market, needs to do something "extra", more proactive to get ahead of the other stock exchanges, which with the application of the global standard of corporate governance practices are going in the same direction. In addition, on October 10, 2002, the Board of Directors of the ASE decided to implement a series of measures aiming at boosting liquidity and increasing transparency in listed companies (Alexakis, 2002a). Analytically, the BoD of the ASE announced a number of measures that will be proposed aiming at increasing market liquidity and improving the transparency of listed companies' financial statements. In short, the measures include modification of the legal framework for derivative products and short selling; thorough examination of the financial statements of the listed companies; abandonment of the securities transactions tax for market makers; tax audit for the companies pending for listing; possible changes in the way low liquidity stocks are traded (introduction of auctions). The ASE administration recommended additional guidelines in order to enhance shareholder communication and investor relations, to foster shareholder participation in the general annual assembly and other extraordinary meetings in person or by means of proxy voting, and to re-examine relations between analysts and corporate finance bankers as well as auditors and consultants (Bougatsou, 2004: Katramadou, 2002b).

3.5 Main players in the Greek Capital Market

In this section, the local capital market's basic players, such as the capital market committee, the ASE, the institutional investors, the analysts, and other industry related professional associations, will be described. We will start with the Greek capital market.

3.5.1 The Greek Capital Market

During the 1990s, share ownership broadened considerably, giving a boost to government plans for partial privatization of state-controlled corporations. Rising confidence in the government's determination to join the Euro sent Greek stocks flying in 1999, making it the world's best-performing stock market, with a rise in the Athens general index of 102%. The sharp decline of interest rates that accompanied the government's austerity programme drew capital away from government bonds – for long the haven for Greek family savings – and into the equity market. In particular, this new class of small investor piled heavily into small-capitalization stocks, generating a speculative momentum that pushed some shares up by as much as 500% (Vergos, 2000b). The ASE was upgraded on May 31, 2001 to the group of "mature" stock exchanges, and it was withdrawn from the emerging markets group. Greek stocks also felt pressure from the shift in the country's status from an emerging market to a developed one. Greece was traditionally one of the biggest fish in the emerging-markets pond, guaranteeing it a large slice of investment portfolios focused on the developing world. With its inclusion in the euro "club", however, Greece became part of much bigger pan-European portfolios. At the same time, following this upgrade, it was observed that some foreign investors, who were specialists in emerging markets, started to sell holdings of Greek stocks and bonds, owing to the nature of their investment policy. In the short term, this shift deprived Greek equities of a great deal of liquidity, as investors gradually re-rated Greek companies. This effect began slowly and progressively to ease, as pan-European portfolio managers added Greek stocks to their holdings, thus feeding some liquidity back into the Athens market. Despite some progress in attracting foreign funds, mainly directed at a handful of large-capitalization companies included in the MSCI-Greece index, most listed firms have little to show on that front years after the Greek stock market was upgraded to the developed markets league by Morgan Stanley Capital International (MSCI). Central to their failure has been the inability by the top management to grasp the importance and necessity of investor relations. Indicatively, the term and concept of "investor relations", so often called in Greece "investment relations", is still confused with public relations (Demos, 2003d; Kontogiannis, 2002c). On average, however, the international institutions account on average, for an estimated 35 per cent of trading in the ASE: annually, domestic investors drive the market. (Monemvasiotis, 2004; Papadogiannis, 2003). Official figures from the ASE's departments showed foreigners holding a greater proportion of large Greek companies, comprising the blue-chip FTSE/ASE-20 stock index, than they did prior to the market's upgrade. Nevertheless, it is highly likely that the observed increase in foreign ownership of some Greek companies is as a result of both the rebalancing of the Morgan Stanley Composite Indices (MSCI) used by foreign institutional investors as benchmarks, and the resulting increase in the Athens bourse's weight in the same stock indices as well as the trimming of underweight positions, established initially by developed market passive funds upon the local bourse's entry into the developed market league in 2001 (Schina, 2004a; Gelantali, 2004a; Kokoris, 2002). This conclusion is substantiated by observed investment patterns and the claims of high-level company officials in promising high-growth mid-capitalization firms, such as the Maillis packaging group, who say foreign funds now account for a much lower proportion of their stockholders' base than they did on May 31, 2001. In contrast, others, such as the Technical Olympic group of companies, another medium capitalization firm, confirms that foreign funds now account for a much higher proportion of their stockholders' base than they did on May 31, 2001. Similarly, a small capitalization company, the Fourlis company, during the last two years (2003-2004) has evidence that 30% of the stock belongs to foreign institutions (Ioannou, 2004; Koulouris, 2002a; Kollias, 2000). Under normal circumstances, active foreign funds should be more interested than passive funds in smaller companies, with little or no weight in the MSCI-Greece index or the HSBC small and medium European capitalization index. Active funds try to beat the benchmark stock index through superior stock selection and market timing, whereas passive funds simply try to replicate the returns of the benchmark indices. Along with the active funds, some emerging investment houses have been investing in Greece (Sakkas, 2004e; 2003). The justification for this is that since the most dynamic Greek companies operate successfully in south east Europe (Balkans and ex communist Europe) and a big portion of their sales and profits are generated in these markets. which are considered as emerging markets. the Greek listed companies can be characterized as "semi emerging". Their base (Greece) is classified as a mature market. operating in Euroland, using the Euro as a medium. and important portions of their operations are based in economies that are classified as emerging (Financial Times. 2003).

3.5.2 The Athens Stock Exchange (ASE)

In February 2002. the Research and Development department of the Athens Stock Exchange (ASE) promoted a research/questionnaire. on the so-called "star stocks" or "star system". It was mailed to all listed companies at the ASE, giving them six months to respond and to comply with the issues. The objective by the R&D department and generally by the Administration of the ASE was to search and find out which listed companies were and still are complying with the following issues: web site information; a detailed list of the roadshows that had taken place in the previous year in Greece and abroad; fair and steady disclosure; having an in-house IR office or department; Board of Directors and Executive team; and having and operating an Internal Audit office. Following the announcements of the Athens Stock Exchange regarding the continuous submission and evaluation of the listed firms based on the aforementioned qualitative criteria, the Athens Stock Exchange released and presented a table with those companies which fulfil these criteria. The Athens Stock Exchange indicated clearly that the above table was not intended as a solicitation, suggestion or proposal for any kind of investment in securities of listed firms included in this table now or in the future, and also constituted no categorization of securities of any kind. The financial results of the examined companies were not taken into consideration. The deadline for the star system questionnaire was the last day of February 2002 (28/2/2002). After collecting the first questionnaire, the ASE's R&D department sent and emailed a second wave of questions, mostly to clarify the "answers" by the listed companies, and to remind those who had not answered the first time that they might be not included in the research and publication of the Greek star stocks. Moreover, the second patch of the questions asked the listed companies to identify fully and in detail the listed IR practitioners. the IR personnel, a detailed description of the actual roadshows in 2001 and the planned roadshows during 2002. A negative aspect of all this is that the ASE R&D department is geared towards roadshows which had taken place in the different cities in Greece. That means it focuses mostly on communicating to individual /retail investors rather than the institutional ones (Vergos, 2004; Nikolopoulos. 2002).

3.5.3 The Capital Market Committee (the Greek SEC)

The Capital Market Commission (CMC) is an independent decision-making body in the form of a Public Law Legal Entity operating under the supervision of the Ministry of National Economy. It is in fact the Greek SEC. Its main objective is to promote the establishment of sound conditions for the operation of the capital market and to enhance public confidence both in the quality of supervision and market behaviour. In order to achieve this objective, the Commission sets the general terms and conditions governing the organization and operation of the capital market, and issues instructions on compliance procedures. It also introduces the measures that are useful for ensuring the proper functioning of the market (Kavaropoulos, 2001; Vergos, 2000a). The legislative framework of the Greek capital market is fully harmonized with the guidelines and directives of the European Union. The capital market entities supervised by the CMC are the brokerage firms, the firms providing investment services, the mutual fund management firms, the portfolio investment companies and the firms for the reception and transmission of stock exchange orders. Entities and organizations, such as the Athens Stock Exchange, the Athens Derivatives Exchange, the Athens Derivatives Transactions Clearing House and the Central Depository of Securities are also subject to supervision by the Commission. The members of the boards of directors and executive managers of the above mentioned entities have to comply with the rules and regulations set by the Commission. A central means for exercising prudential supervision by the Capital Market Commission is the licence authorization function and the imposition of proper European Union (EU) standards for the approval of operation of capital market entities. More specifically, licences for the provision of investment services are granted on terms that secure their use as a 'European passport' in the EU territory. The granting of licences to the Mutual Fund Management Firms and the portfolio investment companies, as well as the granting of licences for the conduct of initial public offerings, is another important means of exercising prudential supervision (Sakelari, 2004; Plantzos, 2002a). The monitoring of the capital adequacy of the brokerage firms and the firms providing investment services, the approval of public offers by listed companies and of the changes in the composition of the board of directors and senior management of the supervised companies, the granting of licences for obtaining the qualification of the 'broker representative' and for the establishment of subsidiaries by financial intermediaries all constitute fundamental means for the exercise of prudential supervision of the capital market entities. With respect to the Mutual Fund Management Firms and the portfolio investment companies, the prudential supervision involves the monitoring of the portfolio composition and compliance with transparency rules and regulations (Thomadakis. 2001).

3.5.4 Mutual Funds in Greece

In Greece the mutual fund institution was introduced in 1973 with the almost parallel establishment of the Commercial Bank and National Bank Mutual funds. i.e. Hermes and Dilos respectively. By the end of the 1980s. the market image remained much the same with two mutual funds, the total assets of which were only some millions of Euros. The landmark year for capital market and mutual funds was 1990. when the group of Trust Bank was also introduced to the area, whereas in 1989 a third mutual fund, from an insurance company, was also launched. so that a wave of new mutual funds followed them, the number of which exceeded 120. a number that was to alter every day. The institutional frame within which the first mutual funds started was Law 608 of 1970, which was finally replaced by Law 1969 of 1991. which renewed the already existing legal framework by taking into account the corresponding instruction of the European Union (Milonas, 2002). From 1972 until almost 1989 the mutual funds institution worked with no disruption within a very limited capital market with a daily trade volume, which with difficulty exceeded 100 million drachmas. Up to 1990, the average investor's maturity concerning capital market and mutual funds in particular. was very low, therefore an investor. influenced as he was by past difficulties (i.e. political disturbance, old-fashioned economy) went on investing in real estate, precious metals and mainly foreign currencies (Papadimitriou, 2004; Papadokostopoulos, 2004). From the beginning of 1990, the situation began to be reversed with rapid pace. Despite the crisis that the capital market has suffered so far, public interest in investing in mutual funds is being drastically raised, for the total assets of Greek mutual funds have reached the GRD 1.3 trillion compared with GRD 20.1 billion as at the end of 1989 (Sakkas, 2004b; Stergiou, 2002). The year 1992 can also be characterized as a significant year for the development of the mutual funds in Greece for three main reasons: i) the law of 1969/1991 was applied, which constituted the basis for the modern function of mutual fund institution. specifying in detail the obligations of the mutual funds. The main objective is the investor's protection from misinformation and consequently from wrong investment choice; ii) the highest yields of 1990 are already past, a fact that obliged investors to start pushing mutual funds for information and advice as well as for alternative investment solutions and iii) the presence of "Income funds" increased spectacularly. that is those which invest mainly or exclusively in bills. bonds. etc. These kinds of mutual funds offer a shelter to investors who saw their principal invested in balanced funds shrinking following the Stock Exchange bearish trend during 1991. The first "International funds" appeared which invested investor's Greek drachmas in securities (stocks, bonds, deposits) abroad. Subsequently, the growth and importance of the Mutual Funds Industry closely followed the development of the securities and financial market (Ntokas, 2004i; 2002a). The institution of mutual funds continued in a phase of immense and quick development. In recent years in particular the pace of this growth has increased spectacularly. The main reasons are: the progressive growth of the Greek Money Market and Capital Market within the framework of the Greek Economy liberation: the search by money investors for alternative chances of placement apart from the old-fashioned bank deposits; the expectancy of tax-free profit from the investment in relation to the undertaking risk (Risk/Reward Trade off); the direct approach and liquidity at times of need, and tax exemptions; and the accession of mutual funds in the offered services of banks and insurance companies, with the result the improvement of these services (service quality). For the Greek investor, a mutual fund means the capability to invest in drachmas and lately in Euros, through the mutual fund he has chosen, in foreign securities which are traded on the biggest and most known Stock Exchanges in the world and which offer, depending on the choices made already, protection against potential devaluation or a small and/or big fall in the drachma (Ntokas, 2002c).

a Types of mutual funds

In Greece the mutual funds follow mainly the classical distinctions, which are the following: the income funds, the investment orientation of which is towards securities of fixed income which, accordingly, are either strictly self-confined to such bonds, or, based on the regulations, can deviate by investing a small percentage of their capital in equity; the growth funds, which, either exclusively or not, invest the total of their available funds in shares, leaving a small percentage of their capital to be invested in income securities; and the international mutual funds, which, as their title itself indicates, invest in foreign stock or income securities (Kitsios, 2004; Kiousis, 1999). The distinction of mutual funds in pure and mixed ones covers two different expediencies. The pure ones aim to be comparable with some stock exchange indices and therefore to offer a comparative measure of positive and negative performance against these indices to investors. On the other hand, the mixed ones are indifferent to this comparative measure and pursue flexibility, so that, when the space area in which they are active suffers a fall for reasons of coincidence, i.e. a stock value fall, they can transfer their capital to more safe and secure ground, i.e. to fixed income securities which do not suffer from fluctuations as intensively as do equity shares. Assuming that they are well managed. international mutual funds can, assuming that they are well managed apart from the other things. exploit the differences that various capital markets present in Stock Exchanges all over the world, and transfer their investments from the US to Japan and from the Far East to Europe and so on. Greek people can invest their money in foreign mutual funds with no restrictions. This important development in the rapidly changing field of mutual funds was the result of the application of the 85/611 directive of the EU. combined with the partial liberation of capital movement. More specifically, the EU directive 85/611 allows a mutual fund, whose management company is in a country member, to dispose its shares to the rest of the countries of the Community, since it has previously submitted all the necessary documents, based on the Directive, to the official Capital Market Board. The application of the EU directive in Greece was completed with the presidential decree 433 of October 1993 (Kasimatis. 2004; 2002; Kitsios. 2004; agii site). Therefore in 1993, the first foreign mutual funds, seated mainly in Luxemburg, were presented in Greece, and in a very short time attracted significant capital: 50 billion drachmas. It is characteristic that since 1992 two new kinds of mutual funds have been growing - Liquid Reserves funds and International funds - while simultaneously the share of Income funds has been continuously increasing, all at the expense of the share of Growth or Balanced funds. In 1992 the market share of the Liquid Reserves funds was raised to 30.4% instead of the 6.4% of the previous year, while at the beginning of 1994 this reached 40.7%. Correspondingly, the market share of Liquid Reserves funds and International funds increased impressively (Mantikidis. 2004; Konstantinidis. 2003). Moreover, the investor's knowledge about these specific products improved significantly, a fact that allowed the creation of different types of mutual funds. The existing regulation concerning the mutual funds function in Greece is compiled in the Government Law 1969/1991 entitled "Investment Trusts, Mutual Funds and other provisions for the modernization and improvement of the capital market", and it regulates their operation. The mutual fund industry and the fund managers as well as the buy side analysts influence the investor relations activities and programme. It is a fertile training ground for the IRO and his/her team before the promotion becomes European and global. by targeting global fund managers. It also affects the liquidity, trading and positioning of the underlying stock. It is common that global funds feel more comfortable about investing in a Greek stock where Greek funds have invested in (Schina. 2003b). As mentioned earlier, the fund managers are the ultimate target for the IROs and therefore exact analysis of the local fund managers' investment behaviour, patterns, profile and characteristics is critical to the investor relations strategy and tactics.

b Association of Greek mutual funds (AGII) - (EΘE)

The "Association of Greek Institutional Investors[6]" is a non-profit organization, founded in 1985. Its members, as of December 2004, include 33 Portfolio Investment Companies and 29 Mutual Fund Management Companies. One of the main goals of the "Association of Greek Institutional Investors" is the promotion of the concept of professional investment management as well as the proposal of ways of its improvement, the enhancement of sound competition and the application of ethical principles in the profession. Moreover, it makes efforts to strengthen the relations among its members and establish relationships between its members and other Greek and foreign organizations. Additionally, the association informs its members of the news, difficulties and prospects of the profession, and tries to improve the training and performance of its members' personnel through seminars and other similar events. Lastly, it undertakes the responsibility of solving issues which are of importance to its members, participates in the preparatory operations of the implementation of laws, examines the results of the application of these laws and interprets the laws which govern its members' operations (Sakka, 2004f).

3.5.5 Association of Greek brokerage firms - (SMEXA)

The association aims at establishing cooperative relationships among its members (93 in 2003). In addition, it systematically undertakes research concerning the various problems each business sector in Greece faces and initiates improvements as far as the function of the Stock Exchange and the Capital Market are concerned. Its members operate mainly in Athens (Sakelariou, 2004).

3.5.6 SEDYKA

It is a body of stock brokers with some specific characteristics. They operate in every major city in Greece and therefore target mainly the retail market. By law, their job is to execute orders and they can not be financial and investment advisors. The IRO channels company information through this body and its members in order to inform individual shareholders across the country. In 2003, there were 250 active members.

3.5.7 Associations of Greek listed companies

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[6] www.agii.gr

Two associations of the listed companies exist and operate on the ASE; EEEXA and SEISET.

a EEEXA

EEEXA was established by SEV and represents mostly the largest capitalization listed firms. SEV, the "Federation of Greek Industries", was founded in 1907 and is an independent non-profit association for employers, enterprises and organizations sustained by memberships and sponsorships only from members. It is the representative of the business sector in Greece and its main goal is the improvement of the economic and business environment. It is also concerned with the development and growth of Greek enterprises as well as their increased presence internationally, especially within the European Union. The association promotes the adoption of corporate governance guidelines and respect for the natural environment. Also, it greatly supports entrepreneur activity in Greece, creating the conditions that must exist in order to enhance it.

b SEISET

SEISET represents mostly the medium and small capitalization listed companies. It is an association that tries to promote its members along with the promotion of the Greek Stock Exchange, because, via the promotion of the ASE, the smaller companies become visible. Moreover, it is more active than EEEXA and informs its members regularly on issues related to the economy, the Greek and international Stock Markets, the new regulations from the ASE and the CMC. It represents the listed companies to the Greek capital market bodies and the Capital Market Commission. It makes suggestions as far as the function of the Greek Stock Exchange is concerned, and sits on committees responsible for the development and implementation of laws concerning the capital market activities and the protection of the investors. It also takes part in conferences and presentations in Greece and abroad. Moreover, they cooperate with the European capital market authorities and similar associations which have the same goals.

3.5.8 SED

It is a non-profit association that its members use and by which they communicate freely through the internet. It has become influential over the years in the retail market across Greece[7]. It has two principal goals: the improvement of the training of Greek investors regarding investments, and the protection of their rights. More specifically, it aims at informing the investors on matters regarding the Greek and international capital market so that they can invest more efficiently. Moreover, it employs whatever legal

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[7] www.sed.gr

means are needed in order to defend the rights of the investors and proposes solutions to problems that are faced by the investors to the authorities. It is a good source of information for individual investors, especially for the annual (ordinary) general assemblies and the extraordinary ones (Vergos, 2003e).

3.5.9 Associations of Analysts

There two analysts' associations in the Greek market place. One group includes the certified analysts from the local CMC and the other consists of the analysts who hold the well-known CFA certificate.

a Certified by CMC Association of Analysts

This association has 29 members (2004). All of them work as analysts in the brokerage business as sell side analysts. They get their title and licence after passing the examinations set out by the Capital Market Committee (CMC).

b CFA Association of Analysts

This society has only 35 members (2004). The majority of them (62%) work as buy side analysts[8] in the Greek fund management industry and the rest work in the brokerage business. "The society is an association of local investment professionals. Consisting of portfolio managers, security analysts, investment advisors and other financial professionals, it promotes ethical and professional standards within the investment industry, encourages professional developments through the CFA programme and continuing education, facilitates information and opinions among people within the local investment community and beyond, and works to further the public's understanding of the CFA designation and investment industry".

3.5.10 Hellenic Investor Relations Institute (HIRI)

On June 3, 2002, the Hellenic Institute for Relations with Investors[9] (HIRI) was established as a non-profit organization, representing mostly the IR practitioners and filling the gap of IR representatives in the Greek market. The purpose of HIRI is, in general, the promotion and improvement of the relations between the companies whose shares are traded publicly and the investors, private and institutional, the mass media and the competent supervising authorities of securities trading and the agencies involved. To accomplish this objective, the HIRI aims to promote the best communication and its techniques among the listed companies and the abovementioned parties; to promote the transparency and unhindered dissemination of information on the financial results, strategy, perspective and operations of the listed companies; to

[8] www.cfagreece.com (CFA president interview, October, 12, 2004).
[9] www.hiri.gr

encourage the improvement of practice, and the existing theories governing the domain of Investor Relations as well, on the basis of the international and national experience, and of the investors' needs being created; to promote the professional level and professional ethics on its members; to provide to its members with a means of exchanging views and experiences for the purpose of optimizing relations with the investors; to promote the research on topics of relations with investors; to organize social events, further training seminars and to promote further training and informative material on the relations with the investors; to represent and support its aims before the supervising authorities and agencies involved, in Greece and abroad; to represent and support its aims in similar foreign agencies; to promote the cooperation between the practitioners of Investor Relations and the competent supervising authorities in subjects relating to legislation and the operational framework of the sector; and to provide information for the Investor Relations practices to interested listed companies so they may be able to turn to good account these practices to obtain a more accurate valuation for them and for better communication with investors (Demos, 2002f). In order to attain the aforementioned, aims the institute has organized joint conferences, including: *Joint conference*: Financial Analysts and IROs, January 2003, "Communication and disclosure issues"; *Joint conference:* Institutional Investors and IROs, April 2003, "Communication and disclosure issues"; *Joint conference:* IROs and the Media, May 2003, "Corporate communication and the media"; *Joint conference:* Local and Global IROs, June 2003, "Conference on perceptions of ASE listed firms: A global view"; *Joint conference:* Thessalonica Stock Exchange and HIRI, March 2004, "Efficient corporate communication"; *Joint conference:* IROs and listed companies, April 2004, "Corporate social responsibility"; *Joint conference:* HIRI and STANDARD and POORS, December 2004. HIRI also has organized roadshows or, better, local group presentations mostly to the retail investors in different cities in Greece. HIRI, along with officials from the ASE, invited a group of three listed companies to update their shareholders in regions around the country on updated information and data. With the exception of the IROs, the senior managers participated, and that showed the company's commitment to inform their shareholders and potential local investors directly. Therefore, group presentations were organized in: Thessalonica, March 2003, *Companies:* Technical Olympic, Frigoglass, Alumil; Larissa, April 2003, *Companies:* Technical Olympic, Forthnet, Iaso; Thessaloniki, November 2003, *Companies:* Hatzioannou, Iaso, Hellenic Fabrics; Ioannina, February 2004, *Companies:* Hatzioannou, Spider, Neochimiki; Thessaloniki, March 2004, *Companies:* Hatzioannou, Neochimiki. Sprider. Thessaloniki Port Authority. In addition. HIRI has organized group roadshows abroad, in order to create visibility of the Greek stocks abroad. The targeted global financial cities were selected after pre-marketing. and usually accepted a group of Greek listed firms for the first time. For instance, group presentations took place in: Frankfurt. January 2004, *Companies:* Hatzioannou. Motor Oil. Elbisco. Neochimiki, Thessaloniki Port Authority; Geneva. Zurich, May 2004. *Companies:* Hatzioannou, Neochimiki, FG Europe. Gek Terna, Themeliodomi; London. June 2004. *Companies:* Hatzioannou, Cosmote. Neochimiki. Plaisio, Hellenic Exchanges: Toronto, Canada, July 2004, *Companies:* Hatzioannou, Petzetakis, Themeliodomi: Paris, December 2004, *Companies:* Ballis, Neochimiki. Nikas. Plaisio, Forthnet; and Montreal and Toronto, Canada, January 2005. *Companies:* Neochimiki. Themeliodomi, FG Europe, Hellenic Exchanges.

3.6 Other Corporate Governance issues

Corporate social responsibility has become very important for the listed companies and many local and global institutional investors, especially the largest global funds, associate their buying decisions with the existence or not of corporate social responsibility policies, implementations and community sensitiveness.

3.6.1 Corporate Social Responsibility and EIRIS / FTSE 4 GOOD

Slowly but progressively the corporate social responsibility as well as the existing global indices such as FTSE 4GOOD motivate the larger capitalization Greek listed companies to fill out the respective questionnaires and try to act responsibly by introducing every year socially sensitive activities such as scholarships, hospital donations, etc. (Galani, 2004; Damoulianou, 2004; Papadopoulos, 2002).

3.6.2 Corporate Accounting Practice (IFRS vs. Greek GAAP) and IR

The information gap that different (national) accounting systems (i.e. the Greek Accounting Principles, the British Accounting Principles, etc.) convey, create confusion in the investors' minds and a major task for the Investor Relations Officer is to clarify, explain and justify the company's accounts to investors and analysts with different accounting practices, perceptions, training and understanding. The standardization efforts to create similar accounting practices in the major economic blocks (i.e. European Union, NAFTA, etc) are a blessing also to the corporate communication practice and of considerable help to the IROs. In particular, the Greek IROs spends 35% of their time, during a private meeting, in order to explain the similarities and differences between Greek GAAP and US

GAAP. British GAAP and so on (Chrisikopoulos. 2004: Konstas. 2002: Lamprou. 2002). The application and implementation of the IFRS across Europe will increase financial understanding. eliminate transaction costs and boost investment even to obscure listed companies (Michos. 2004: Gelantali. 2002). Similar results were shown in a research study by KPMG, on the differences between IAS and Greek GAAP, which indicated the challenges, not only for the Greek listed companies but also for the communication effort by the IROs. to explain the accounts of the company in terms of IAS. It is very important that the CFOs and the IROs always emphasize the important role that accounting plays in the communication and IR process. Furthermore, accounting communication as an interactive process consumes a great deal of time for the IROs; therefore the trade off is immense (Petalas, 2004; Sakelari, 2004b; Kiriakou, 2003). Historically, Greek accounting requirements are based mainly on Corporate Law 2190/1920, and consequently the Greek accounting standards issued by the Ministry of National Economy, the interpretations issued by the National Accounting Standards Board and the Greek General Chart of Accounts approved by Presidential Decree 1123/80. This research focuses on the International Financial Reporting System (IFRS) or, previously, International Accounting Standards (IAS) versus Greek GAAP, not only because it affects the communication process and the message but also because the accounting information (i.e. P&L, B/S, intangibles, etc.) in practice are a handicap for most Greek listed companies and consequently for their IR departments when communicating with the different market players (Sakkas, 2002; Alexakis, 2002c). It is worth noting that the Fund Manager of an American Pension Fund, in August 2000 during a roadshow, raised his hands and said apologetically to the presenting (Greek company) executive team, "Sorry, but I do not understand your accounting principles and logic". The central goal of IFRS is to make results and balance sheets more comparable. In general, IFRS focuses on elimination of the most common practices used to manage results. The impact of IFRS rules on different sectors will vary greatly (Vassis, 2004). For instance, the financial sector will have to deal with the most dramatic changes. Secondly, those sectors that relied heavily on mergers and acquisitions and the usual restructuring provisions that go with the consolidation phase will be impacted. Also, sectors with heavy balance sheets like construction and real estate will see some changes in their accounting. Sectors, like staffing services, with relatively simple balance sheets, will be impacted the least (Sakelari, 2004c). The IFRS accounting rules by law had to be implemented in 2005 by all EU listed companies. The BoD of the ASE recommended proactively that the listed companies at the ASE implement the rules in 2003. The limited number of local qualified accountants to convert the accounts from Greek to IFRS accounting was the main reason for the failure of this effort. The ASE was forced to extend its recommendation and follow the European dates of implementing the rules by 2005. Dual listed companies on a US exchange that disclose and report in US GAAP could postpone complying with the IFRS "regulation" until 2007. Sectors, such as the banking and insurance sectors, tried to obtain a postponement, as the rules have a heavy impact on their accounting (Sakellariou, 2002). In conclusion, the application and impementation of the IFRS by all Greek listed companies will help greatly the IROs since the standardization, comprehension and expanation will be easier for all European fund managers and analysts and comperatevely easier for the American institutional investors, since they have to deal with US GAAP and IFRS accounting systems (Economist, 2004d; Gelantali, 2002; Alexakis, 2002c). The IFRS implementation will enlarge the mandatory communication set of the companies and will also give more time to the IROs for voluntary information disclosure (Demos, 20004c).

3.7 Summary

In this phase of the development of the Greek capital market, the question of disclosure is very important. Between the main forms of information disclosure - "the mandatory disclosure" and "the voluntary disclosure" - the Greek companies restrain themselves mainly to follow primarily the mandatory disclosure elements, especially and specifically when information is conducted in the Greek language. When the companies have the incentive and aspire to look for global investors, then they use the English language as a tool, and therefore they are motivated to implement voluntary IR policies and programmes in order to achieve visibility, investor confidence and stock buying. On the other hand, the regulations and the corporate governance directives de-motivate the Greek companies to act proactively by inducing only a passive attitude on the corporate communication and investor relations activities (Kefalas, 2002a; Ntokas, 2002c; Plantzos, 2002b). In terms of this procedure, the Greek IR departments conduct mandatory disclosure policies, by way of: dispatching quarterly, semi annual and annual results and their analysis; informing investors on important developments in the company; informing on subjects likely to influence the demand and offer of the share (for example change of management, of members of the Board, and executive management, dividend yield, etc.); and setting procedures and proxy voting for annual and extraordinary AGMs.

Chapter 4.0 Corporate Disclosure via Intermediaries and IR

4.1 Introduction

In the previous chapters. it was mentioned that the IR function can be measured by its programme and activities towards its goal. that of matching the listed company's share price as accurately and closely to the company's relative value of historical performance. current operations and expected future cash flows. In achieving this goal. the company's IRO can use outsiders who may offer support. These supporters are the analysts. the brokers. the financial journalists and generally the media people. the auditors, the specialists and other professionals. as indicated below.

Table 4.1: Disclosure via intermediary professionals.

A.	Financial Intermediaries	B.	Information Intermediaries
i.	Investment Banks	i.	Sell-side Analysts
ii.	Corporate Banks	ii.	Buy-side Analysts
iii.	Venture Capital Funds	iii.	Independent Research Analysts
iv.	Insurance Companies	iv.	Industry (Experts) Analysts
		v.	Country Analysts
		vi.	Financial Press
		vii.	Other Media People
		viii.	Auditors
		ix.	Custodians
		x.	Specialists
		xi.	Brokers
		xii.	Rating Agencies
		xiii.	Lobbyists

Prior research (as outlined in chapter 6) has been focusing mainly upon the analysts' role in the communication of company's information. Moreover, an extensive review of the current literature on disclosure has been given by Healy and Palepu (2001) and Core (2001). This chapter describes and analyzes the role of the analysts and the press as major information intermediaries (Appendix XI). The focus is on the function of the analysts and its facets. and how it interdependently with the IR activity bridges the information gap.

4.2 The role of the intermediaries

For disclosure issues. two groups of the aforementioned professionals, - the analysts and the financial journalists. - have gathered much attention. In fact, the analysts have gained most of the research focus. as a result of the vital role that they play in the communication process. The lack of research on the role of the other major group - that of the media people on the disclosure process - is a challenge for future research efforts. Recently Miller (2004) approached the US press association to ask for information about the listed companies but this area is still a blank box. In contrast. issues such as disclosure. voluntary IR activities and analyst coverage have been investigated and documented by many researchers on both sides of the Atlantic (and in the English language), such as Bhushan (1989). Bhushan and O'Brien (1990). Marston (1994. 1996). Holland (1997). Lang and Lundholm (1996). Their findings are mostly complementary and converge to similar if not the same results. The research is focused mainly on two areas: research on the determinants of analyst following and research on the determinants of analyst forecast accuracy and analysis consensus or dispersion. Also, Healy and Palepu (2001, p. 418) found that there is at least partial evidence that "shows that disclosures made by financial analysts. the business press, and bond-rating agencies affect stock prices". In particular, they (2001. p. 416) state that "overall. evidence indicates that financial analysts add value in the capital market". Similarly. Core (2001, p. 446) argues that the notion that "analysts and institutions produce information and reduce information asymmetry". Furthermore. they put down questions implied by "their" disclosure framework such as: "How effective are financial analysts as information intermediaries? What factors influence their effectiveness? How does corporate disclosure affect analyst coverage of firms?" (2001, p. 411. Table 1). But what are the incentives and influence for these intermediaries - and especially the sell-side analysts - upon variables such as company visibility, investment case credibility, reduction of information knowledge, cost of equity capital. and share price? Additionally, how do some IR activities and results. like the increase in the number of analysts reports written, the increase in the number of analysts covering the stock, obtaining coverage by analysts of the major global banks. achieving better consensus of analysts forecasts, and range of earnings forecasts, the increase in the number of sell side analysts presentations, help the company's insiders to get their "message" across to the investors, and how is this "message" or "information package" refined, checked, rephrased by analysts?". For the American analysts, the Economist reports that indeed "a study by two business school academics concludes that equity research analysts in America do a half-decent job-better than their counterparts in other markets" (Economist 2003n; Healy and Palepu, 2001). In conclusion the analysts are the major information intermediaries that affect the corporate communication process as well as the IR attitudes. activities and effectiveness (Holland, 1998b; Diamond and Verrecchia. 1991). In Greece. equally important is the media group especially that of the financial journalists who can create noise and disturb. modify. even "infect the communication" of company information. In this study. the former group is researched and the latter should be a research target since the media group is a limited or light regulated information group, it is also very large and requires more space and specific attention to the so called "media relations" as part of the corporate communication mechanism (Georgiadis, 2004; Baker, 2003; Vergos, 2003f).

4.3 Defining intermediaries

This section will describe most of the intermediary market participants, such as the sell-side, buy-side and independent analysts, the financial journalists, the brokers, the auditors, the custodians, the specialists and the rating agencies.

4.3.1 Analysts

In this subsection an effort to define what the analysts are, who they represent and what they do is made. Marston (2004b, p. 12) defines analysts as "persons involved in evaluating investments, irrespective of their employing institution. They are sometimes known as financial analysts or investment analysts". Financial analysts, according to Rao and Sivakumar (1999, p. 32) are "independent professionals who serve current and potential investors by scrutinizing the performance of corporate managers". Schreiner (1994, p. 28) characterizes the financial analysts as a professional "as intrusive as a reporter, as uncontrollable as a car without brakes, and as short-term oriented as a woman in labor". More aggressively, Luhmann (1979) calls financial analysts "watchdogs" who serve the shareholders and are "proof" of the lack of confidence and even distrust of company's insiders by the investors. According to the author the main task of the financial analysts is to: Gather information from public and private domain sources; Build models to assess and evaluate managers' and company performance; Combine quantitative and qualitative data into forecasts of future earnings; Reflect upon and interact with IROs, CEOs and CFOs as well as institutional investors; Elicit intelligence from middle managers and stakeholders, such as suppliers, customers and bankers; Cooperate with financial journalists in the acquisition and interpretation of primary and secondary data; and Recommend buying, holding or selling a stock (Demos, 2003a). Analysts can be separated into three major groups (Weiss, 2003; Jasen, 2000; Chang, Khanna and Palepou, 2000): The sell-side analysts who work for banks or brokerage houses; their product (company reports, industry analysis, country profiles, monthly reviews, prospective and daily's ones) is distributed to all market participants and becomes a free item on the public domain information set. The buy-side analysts who work exclusively for institutional investors (i.e. managers in mutual funds, pension funds, hedge funds, insurance money and banks) and their analysis is used only internally and is the responsible recommendation to the fund managers. In other words, one can argue that the buy-side analysts belong more to "information end users" along with the fund managers, or one can label them as "light or soft intermediaries". The independent research analysts who are qualified analysts that cover stocks and industries based on a specific contractual assignment and agreement. In other words, they are paid by the listed companies to evaluate and write a report on their investment case, sometimes without any recommendation and target price attached. This group has been growing in number in every country, especially after the period of the recent stock market collapse (Lowengard, 2004). Standard and Poors research reports cover only US listed companies and partially fill the gap of non-coverage. As the Chairman of the CFA Institute, Mr. Barlett, said in the IIRF conference in Rome (IIRF Conference, 2004), "in the US, one half of the listed companies have no coverage at all".

4.3.2 Other intermediaries

Financial Journalists are the media specialists who search, unravel and report in print, on radio or on TV the activities and whereabouts of the listed companies and their founders and/or top executives (Miller, 2004; Economist, 2003v; Townsend, 1993). Brokers are the stock market intermediaries who make the trades possible. These stock brokers, either through the analysts or through the execution, have access to advanced company information before it is made public. This puts a heavy burden on the brokers since they are knowledgeable of prematurely sensitive company information (Economist, 2002s; Bryant, 2000b). Auditors are the accountants who know first the operational as well as the accounting results of the companies and check for the reliability and validity of the figures (Economist, 2004s, 2002r; Patel, 2003; Hodge, 2003). Custodians are the intermediary share depositors in local as well as in cross border transactions and share buying and selling. They somehow control the share registry and "know" who owns what (Economist, 2004s, 2004x). Specialists are the professionals who buy and sell on behalf their clients on the American stock exchanges. They are important for the Greek corporate communication, not only because they are dually listed on NYSE or NASDAQ, but also because they are trend setters for the other Greek companies. As the Economist reports, "they are not supposed to buy shares for themselves knowing that they can resell them to clients at a profit, a practice known as "front running" (Economist, 2003p). If buyers are bidding more than sellers are asking, specialists are not allowed to trade for themselves and pocket the spread. They should merely bring buyer and seller together and then stand aside, meeting, in the ugly language of the NYSE, their "negative obligations". It has never been entirely clear how the specialists make their money. They are obliged to provide an orderly market. At times, they may therefore have to build an inventory of shares that are in demand, or otherwise intervene between buyers and sellers. To do that, however, they have to move before their customers, putting them in danger, at least of front-running or breaking the negative-obligations rule. "Specialists make money based on proprietary knowledge of investor order flow", says Benn Steil, a fellow at the Council on Foreign Relations. "This is not a by-product: it is what the exchange does". Increased transparency at the exchange has already had the unintended effect of making specialists' clients - mainly financial institutions - disgruntled. Transparency is vital for what is, in effect, a quasi-public institution, says Charles Elson, a professor at the University of Delaware. Recent turmoil over the NYSE's directors has made a mockery of the exchange's claims to be the first line of investor protection. The fashion in corporate governance circles is to frown on such reciprocal relationships". Rating Agencies such as the Moody's, Standard and Poor's and Fitch agencies evaluate the companies and estimate their credit risk premium based on the current market yield structure (Economist, 2004p, 2003a).

4.4 Information intermediaries and regulation

As Dwyer P., McNamee M., Thornton E., and Byrnes N. explicitly report, in the US at least, "regulators hope to restore the integrity of research by forcing structural reforms on the Terrible Ten. The pact also aims to boost the sophistication of individual investors by requiring the firms to provide free copies of independently produced analysis and to support an investor-education fund" (Business Week, 2003c). Furthermore, it hopes to make research more transparent by requiring firms to publish their analysts' stock picking track records. How effective will these changes be? Greater transparency, smarter investors, and more honest analysis are welcome reforms. Despite plenty of evidence that senior managers knew that retail customers were losing money because of tainted research, none was charged in the settlement. The firms have agreed to rebuild the Chinese walls of years past, but research and investment banking will not be completely separated. The most glaring source of conflict, in fact, remains: because research produces no revenues, it will need to be indirectly subsidized, most notably by investment banking, which accounts for about 25% of the firms' revenues. "The budgets of research divisions are going to be dependent on whether investment bankers see anything in it for them" says Columbia University law professor John C. Coffee Jr. Winning back investor confidence may mean complying with the letter of the pact, which requires deep structural reforms (Economist, 2003n). Analysts and investment bankers must now report to different supervisors and they must be physically separated. Specifically: A - Improve research independence. The agreement requires 10 brokerage firms to spend $432.5 million over five years to provide retail customers with research from at least three independent sources alongside their own recommendations. However, it is unlikely that research from the best analysts will be available in a timely manner to small investors, and small companies could lose coverage. B - Increase transparency. Investors will obtain more honest information on how analysts' stock picks perform and how ratings work. Web sites must explain analysts' ratings, price targets, and ERS forecasts. If coverage ends, firms must give reasons for that happening. But regulators will rely on outside groups to compare one analyst with another. C - Reduce conflicts on Wall Street. Brokerage firms must locate research and investment banking in different offices and create separate reporting lines, budgets and legal staff, but analysts will still feel pressure to boost ratings to keep corporate clients happy and they can still advise investment bankers. D - Hold management responsible. Ex-Citigroup analyst Grubman and former Merrill Lynch analyst Blodget have been barred from the securities business. However, no action has been taken against their bosses or top managers at other firms, although regulators say they are pursuing "failure to supervise" cases against a few" (Business Week, 2003c; The Wall Street Journal Europe, 2002).

4.5 Information Intermediaries and Voluntary Disclosure

Lang and Lundholm (1996, p. 490) state that "investor relations is consistently a significant determinant of analyst behavior" and "direct contact with the company is a primary source of information for analysts". The IROs motivate, persuade and attract more sell-side coverage. They manage that by transferring "inside" information to the analysts; simplifying the company's model; minimising analyst time on providing timely and reliable information and promoting the investment story to fund managers, who in turn ask for more analysts' reports (Byard and Shaw, 2004; Francis, Hanna and Philbrick, 1997). Increased analyst following improves disclosure, reduces information asymmetry and estimation risk, which in turn increases investor (especially institutional investor) buying and consequently reduces firm's cost of capital (Weiss, 2003; Irvine, 2001; Bhushan and O'Brien, 1990). Similarly, the IROs, by helping analysts to forecast more accurately, mitigate dispersion of forecasts and support building a consistent consensus (Stern, Stewart, Bennett and Chew, 2002; Shoeshine, 1999;). In addition, improvement of accuracy eliminates negative – and even positive - surprises of the market, which in turn leads to more stock liquidity (Der Hovanesian, 2002a; Forbes and Skernatt, 1992; Walmsley, Yadar and Rees, 1992; Bouwman and Frishkoff, 1987; Belkaoui, Kahl and Peyrand, 1977). As research indicates (as outlined in detail in the next chapter), basic determinants of analyst following are specific firm characteristics and implemented disclosure policy. Indeed, analyst following is correlated with firm size, institutional ownership, return variability, share price, stock splits and even top management (CEO and CFO) presentations. Analytically, analyst following is correlated with the decrease of a firm's return volatility before analyst following increases, stringent disclosure requirements increase, number of firms increases (Economist, 2003v; Der Hovanesian, 2002b; Stewart, 2000; Abarbanell, Lanen and Verrecchia, 2001; Bhushan and O'Brien, 1990; Bushan, 1989). Since information is the lifeblood of efficient, effective and fair capital markets, the corporate communication and access and the proactive IR programme increase analyst coverage; then the listed firm's beta increases which means its liquidity improves (Garten, 2003; Bertoneche and Knight, 2001; Irvine, 2001).

4.6 IR activity process via intermediaries in Greece

The traditional Greek IR model focuses mostly on corporate public mandatory disclosure (i.e. quarterly and yearly accounts, press releases, etc.) according to by-laws and regulation, and on any "impulsive action" internally by the people from the registry (metochologio) department. In addition, it can be observed that the media people occasionally substitute the internal people who process the information and also affect, to a great extent, the message given to the market directly through the newspapers or via the dailies of the sell side analysts. Moreover, it has been observed that the reports of the country analysts who work for the global banks affect substantially the trading patterns and the price of the Athenian listed entities (Georgiadis, 2004; Papadogiannis, 2003; Gitzos, 2002). The investors must understand the company's strategy well. The Greek experience, at least, shows that the main reason for which the foreign investors dispose of a certain share is because they do not understand "what the company want to do" (Demos, 2002c). Furthermore, the company, and more specifically the IR, is the most serious, reliable and direct source of information for them. For this purpose, the reliable analyst coverage by Greek and foreign analysts will help and it is the first step, and the most important one for a listed Greek company, because this disseminates information about the company everywhere. There, the IR must help and offer guidance providing feedback on analyst reports. In the Greek market there are 10-15 very good analysts who can be compared very easily with the respective foreign analysts of London. Those Greek analysts perform a "national" task when "selling" shares from Athens listed of Greek companies to the foreign institutional investors (Kotsis. 2004: Philipas and Karantzikos. 2004: Aloupis. 2002). Finally. analysts who deal with top executives and listed companies from one side and information end users from the other side, are well qualified to judge the disclosure and IR policies of the firms every day (Bolland, 2002).

4.7 Media and IR

This subsection highlights the media as an information intermediary since it plays an important role in the corporate communication process (Lempesi. 2004: Georgas. 2002: Katramadou, 2002b). The excess number of financial journalists as well as financial newspapers and magazines, the accessibility to the top management that media people enjoy and the absence of strong regulation on their conduct create corporate information noise and many times replace the IROs as the official company "voice" (Alexakis. 2004, Vergos, 2003a, Vrachnis, 2002; Demos. 2002e). Over the years. it has been found that in Greece, there is a positive correlation between media and analyst coverage (Alexakis, 2004; Georgiadis, 2004; Vergos, 2004). When media coverage (MC) increases then analyst coverage (AC) increases by almost the same rate. However. media coverage captures mostly the impact of exogenous events, i.e. market and industry trends, government policies, etc., and expands these into companies' news and developments. Moreover, the recent regulatory and disclosure requirements impose disclosure, not through the media but officially through the Stock Exchange (Mertzanis and Avlonitis, 2002; Kavouropoulos, 2001). The IRO's task is to manage the global press by managing the international media across the complete spectrum of print, radio and TV. He/she must identify key media audiences in the UK, continental Europe and North America, and determine how best to target them through broadcast, internet, print and wire communications. In other words, he/she should raise the company's profile by identifying key media personnel at Editorial and Senior level (in the home country and across all relevant countries), and through a series of meetings and lunches, with company's management, to keep them informed of the company's strategy. vision and long-term goals. This would involve a day spent with local communicators focusing on all aspects and characteristics of the local media. Moreover. the IRO should deal comfortably with any given situation. whether it was a hostile TV crew confronting the management of the company as part of a crisis management situation. or at a packed press conference as part of a planned media programme (Bhojraj. Blacconiere and Souza, 2004; Demos. 2002e; Townsend, 1993). The IR team would be the first point of contact for all media enquiries throughout. and would be on call 24 hours a day. Paramount to the success of mastering the media would be the identification of key issues and messages by the IR office. which would communicate these through all media contact lists either in person or with a conference call. Targeting the correct media followers and furnishing them with the necessary information are important steps to forming positive relationships with the financial media (Mercer. 2004; Economist. 2004θ, 2003a; Pearlman. 2002; Pae, 2002).

4.8 Conclusion

Disclosure via intermediaries is vital as well as "obligatory" for the IR function of the Greek listed companies. Intermediaries such as the analysts. the media and the bankers can multiple and verify the corporate information to end users and market players. However. the corporate disclosure intermediary process has been changed considerably during the last five years. Research reports reveal that half of the US listed companies have no coverage at all and only 12% of all Greek listed companies have continuous coverage (Vergos, 2005; Chang. Khanna and Palepou. 2000; Bhushan and O'Brien. 1990). This trend is detrimental mostly to smaller companies that have no help from intermediaries. especially analysts. to become visible. Macroeconomics and regulation have affected the analyst's conduct, performance. and even career. For instance, sell-side analyst positions were reduced while buy-side analysts work opportunities were increased (Boland. 2002; Demos, 2002e). These changes have stimulated a number of questions, such as: what is the future of research analysis? Which buying models will survive? Has the quality of research improved during recent years? Has the independence of research improved? Can there be a genuine market for independent research? Will sell-side research diminish continuously and be dead in the near future? (IIRF Conference. 2005. 2004; Maitland, 2002; Pikios, 2002).

Chapter 5.0 Voluntary Corporate Disclosure and IR

5.1 Introduction

This chapter describes the tools that the IR office can use on a voluntary basis, and the parameters that can help the company obtain visibility, stock liquidity, analyst coverage, capital attraction and stock price increase. In addition, the current practice and the transformation of the Greek companies' IR activities from being compulsory to discretionary are described. As mentioned in chapter 2, the discretionary arsenal that the senior management and the IR office of a listed company have consists of many tools; the most important ones are listed below:

Table 5.1: Discretionary IR tools.

a.	Group Presentations
b.	Participation in Conferences
c.	(Private) Meetings or One-to-One meetings
d.	On-site visits
e.	Analysts' Presentations
f.	Management Forecasts
g.	Feedback on Analysts Reports and Coverage
h.	Press Releases
i.	Other Corporate Reports
j.	Mailing Information
k.	Telephone Answering queries
l.	Emailing Information
m.	Web Sites
n.	Web Casting
o.	Conference Calls
p.	Dual Listing
q.	Roadshows
r.	Targeting Institutional Investors

Source: Demos, 2003b

5.2 Transition from the mandatory to voluntary corporate disclosure in Greece

Corporate disclosure in Greece followed and follows its life cycle path as outlined in Appendix XIV. Most of the terminology used to label the phases in this appendix is from Holland's work.

5.2.1 Macroeconomic view

During the second half of the previous century the Greek state was trying to solicit foreign companies in order to invest and establish business entities and factories in Greece as direct investments. Currently, the IR departments, along with the Greek Government, the Athens Stock Exchange, and the companies, are campaigning and trying to attract foreign capital to Greece directly or through the capital market, in order that the Greek entrepreneurs can utilize capital and know how and expand their firms

(Mantikidis. 2002c; Hope, 2000; Demos. 2001a). Until 2001. Greece was considered an emerging market financially. and the major stock market and bank indices were quoting the Athens Stock exchange as an emerging market. By this definition and categorization. the majority of the global investors were from the emerging mutual funds and pension funds that invest in emerging economies and markets. and private money that invest in markets with higher risk. These foreign funds investing in emerging markets have traditionally paid more attention to the macroeconomic characteristics of each national market and its momentum. rather than the fundamentals of its listed companies (Heron and Lie, 2004; Hall and Brummer, 2003; Levis. 1996). Moreover. the criteria of company selection by the emerging markets fund managers have been more lax than amongst those who invest in the developed markets. The strategy of active emerging market foreign funds was to follow the top-down approach' (macro to micro) instead of the bottom-up one (micro to macro) adopted by active funds investing in developed and mature markets (Patton and Makhija, 2004; Fathilatul, Hamid. Salleh and Yusof. 2003; Hessel and Norman, 1992). Greece's inclusion in the emerging market world as a major player for a long period of time partly justifies and explains the small steps of the IR profession, especially during the 1980s and 1990s (Lempesi. 2004; Kontogiannis. 2001; Demos, 2000a). By being a big player in those markets, Greece had secured the attention of global funds, meaning it was not necessary for local listed firms to devote time and money to market them. However, the graduation of Athens bourse to developed markets on May 31, 2001, (owing mostly to Greece's inclusion into the European Exchange Rate Mechanism and the introduction to the Euro as the official currency) meant that this all had to change, and local listed firms had to become aggressive in marketing their investment case. strategy and strong points to the global institutional investors who either did /do not know them or had/have a neutral or bad opinion about them (Monemvasiotis, 2004; Siafakas, 2002; Vergos, 2002a). Simultaneously, the local capital, especially the institutional money (i.e. Greek mutual funds, pension funds, private money, etc.) started to invest only in those 20-30 biggest capitalization firms which have the adequate liquidity (Gelantali, 2004b; Apostolou. 2004). Furthermore. owing to the consolidation of the market, the local banks. owning the mutual funds. were directing their investments towards their listed subsidiaries (i.e. banks. insurance stocks. real estate. etc.) and leaving no available capital to "support" the remaining 300 small and medium capitalization firms. As a consequence. the individual investors progressively moved away from these stocks as well. and the majority shareholders. in order to support the share price of their stock in the downward market of 2000-2004, started to buy back portions of the shares (Katramadou. 2002b; Kollias. 2000). This process led to the result whereby today each of the majority of the medium and small capitalization listed firms is owned substantially by a major shareholder. who, in most cases. is the founder of the entity (Philipas and Karantzikos, 2004: Sakkas, 2002). A number of additional factors deterred active foreign funds also from investing in Athens. The small size of the local stock market, its minimal visibility, its lack of depth and liquidity. the fact that most local firms reported in Greek GAAP (up to Summer 2005 when they started to report in IFRS-IAS by law), the non availability of comparisons with European and global stocks, owing to non coverage and the introversion of the local stocks all created a wall that separated local stocks from the global funds (Tsolis. 2004: Kontogiannis. 2002a: Alexakis, 2002c). On their part. the stock exchange authorities not only supported the companies' IR efforts to achieve international visibility in order to attract capital to their stock but also proposed practices and measures that motivated them to do so (Georgas, 2002; Hope, 1998). For instance. the ASE's qualitative criteria for the listed companies, its official, friendly user and informative (on all listed firms) web site[10] and the constant and laborious participation at almost all group global conferences and roadshows by its Chairman, Professor P. Alexakis, indicated the tenacity. commitment and support in that direction. However, the new ASE administration has. since September 2004. focused on promoting the bigger capitalization stocks. Towards this direction. it proposed, in summer 2005, to change the existing indices (FTSE 20, 40 and 80) in order to create two major indices: the "big cap" or global index -which will include the stocks with 100 million Euros capitalization plus and another index – which will include the remaining 250 (approximately) listed companies (Kokoris, 2005; Kokoris and Papadimitriou, 2004; Korfiatis, 2004b; Ntokas, 2004d). Holland (1996) indicates that a good institutional framework of corporate governance helps and goes along with the practical usefulness of the IR (Mulligan, 2001; Lindsay, 1998; Chew, 1997). A set of rules and corporate governance principles which help the companies to be accountable and profitable would not only upgrade the Greek Capital Market conditions to international standards but would also attract new investment capital to the Greek Stock Market. Transparency, accountability and practice of good corporate governance directives will take away some obstacles. thus allowing funds to invest in this market (Alexakis. 2003: Kiriakopoulos, 2002, Kefalas. 2002b). In order to attract foreign capital. the local

[10] www.ase.gr

society of IROs (HIRI). as the official voice of the IR practitioners. works with the management of ASE. the Capital Market Committee (Greek SEC). the Association of Greek Institutional Investors (AGII), the Association of Members of the Athens Stock Exchange- brokers (SMEXA), the analysts' associations. the related Ministries and other institutional bodies, in order to educate and help IROs by creating better practice communication platforms and effective discretionary IR tools (Kontogiannis. 2002c: Karafotakis, 2002; Alexakis, 2001).

5.2.2 Microeconomic view

Globalisation trends. outward looking. transparency and corporate disclosure practices by the Greek listed firms have been improved considerably during the last ten years (Ntokas, 2003b: Travlos, 2002: Rokkas. 2001). That makes the task of the fund managers easier and at the same time intensifies the competition among listed companies to attract the available capital. On the other hand. every private or institutional investor is investing for a solid dividend yield and a capital gain, which in turn means that the Greek listed companies should be profitable. Without solid and profitable companies. neither the IR nor the CG rules and directives can perform miracles (Lefanowicz and McLelland, 2001: Miller, 2002; Falkenstein. 1996). The biggest problem facing Greek firms is their inability to "get attention from" and "sell themselves to" the (active) international investors (Ntokas, 2004f; Demos, 2005c). To overcome this problem. one solution is to act proactively. However, it is necessary, if not imperative. for Greek firms to go out. market themselves and attract foreign funds by implementing proactive IR strategies. In the past, a few executives seemed to have taken notice of these problems and had tried to rectify them and to act accordingly (Kontogiannis 2004a; Demos, 2000a). But in the highly competitive world of developed stock markets, failure to do so may mean the company's shares will under-perform in the wider market or the sector in which it belongs, even though economic fundamentals warrant a better performance (Simmons and Simmons, 2004; Waterstone, 1999). The great majority of the Greek listed firms fail to act accordingly and then it is expected that the broader market suffers, by disappointing local and global investors even if global market conditions become brighter and the equity markets are booming (Demos, 2004b; Kontogiannis. 2001: Vergos. 2000b). The small capitalization companies from a small country like Greece should conceive and implement a proactive communication plan. This is mostly the responsibility and the job of the investor relations officer (IRO). but most Greek firms do not employ a qualified one. The IR profession/industry is at the early stages of its life cycle and there is only a limited number of effective IR practitioners. Non-qualified IROs fail to advise, educate, consult, motivate and lead the top management and the BoD of the listed companies in the right direction in order to minimise information noise, to create direct rapport with the investors, to educate the analysts and the media, and to increase visibility. The medium and small size Greek listed companies especially face a major challenge: that of the lack of visibility at the major financial centers of the world. Decreased visibility justifies the illiquidity of many stocks. Visibility is a major concern for IR practitioners and is partially documented in a number of ad hoc perception studies[11] that have been carried out, mostly by IR consultants since 1998, for particular Greek companies. These studies were conducted via interviews of European and US investors, active in the Greek stock market, who invest in the ASE or dual listed stocks (Aloupis, 2002; Demos, 2002a). Some indicative views are provided below:

Pre-Olympic Era (up to 2004)

Global investors have traditionally macro concerns in Greece and still most funds follow a top-down approach in their investment decisions, since macroeconomics and government policy, in this small market, play a major role and affect largely the equity markets (Kontogiannis, 2004b). An exact description of the transition from the macro approach to the micro one was reported by D. Ball: "The sharp decline of interest rates that accompanied the government's austerity program drew capital away from government bonds, long the haven for Greek family savings, and into the equity market. In particular, this new class of small investor piled heavily into small-capitalization stocks, generating a speculative momentum that pushed some shares up by as much as 500%". He continued: "Greek stocks also are feeling pressure from the shift in the country's status from an emerging market to a developed one. Greece was traditionally one of the biggest fish in the emerging-markets pond, guaranteeing it a nice slice of investment portfolios focused on the developing world. With its inclusion in the euro club, however, Greece will become part of much bigger pan-European portfolios. In the longer term, this shift also will force Greek companies to compete with German and French peers for investment flows. Given the comparatively small size of even the top Greek companies only the biggest names will gain the notice of major international funds, leaving most stocks hostage to the sentiment of domestic retail investors" (The Wall Street Journal, 2001).

Post Olympic era (2004 forward)

[11] Dewe Rogerson (1999), Shandwick International (2001), Citigate (2002), Capital Link (2003), Buchanan Communications (2004).

Visibility still remains the biggest challenge. Investors' opinions on disclosure, financial reporting and IR activities are not satisfactory, although the regulatory framework is generally satisfactory and it has been improved in recent years (Katofolou, 2003; Brenman and Tamarowski, 2000; Preis and Berbers, 1990; Hart, 1987). Furthermore, macro-economically, still "the post-Olympic glow fades amid a new budget squabble" which signals the elasticity of the markets to the management of the whole economy (Economist, 2004iii). Another challenge is the duality characteristics of the Greek equity stories. Greece, as market, from being a top star and a safe heaven among emerging economies, has suddenly become the small fish in a large pond among developed countries and financial markets. But since most of the Greek listed companies have invested massively in the Balkan region and the greater south Eastern (ex-communist) Europe, many global investors consider them as "emerging" stories and Greek stocks still attract many emerging fund managers (Kontogiannis, 2004c; Vergos, 2003f). Therefore, a case-by-case analysis is followed by the institutional investors. Foreign investors believe that there are excellent investment stories and selective opportunities (Demos, 2005b; Ntokas, 2004g). There is more and more focus on the individual company's strategy and fundamentals rather than on macro factors. It has been easier lately with the Euro and the implementation of pan-European rules and directives to compare on an IFRS, P/E, EPS, etc. basis, and every quarter to judge if a stock is overvalued or undervalued. There is also cyclical interest and focus on sectors, following the international trends (Kotsis, 2004; Koulouris, 2002a). Large capitalization stocks have adequate visibility, are liquid and attractive, especially to index funds. Medium capitalization stocks have minimal visibility, are less liquid but more attractive to mutual funds, while small caps have no visibility, are almost illiquid and selectively attractive to venture capital and hedge funds. The local business culture and attitude affect investment decisions also. Some global investors agree with the following phrase of an Edinburgh fund manager: "Greeks appear massively when things are ok but disappear and withdraw when things go bad" (Ntokas, 2004c; Demos, 2002d). In terms of specific sector importance, shipping is considered to be the best industry. As the Economist reports: "Greece, a country of some 11m people, controls by far the biggest share – nearly 20% - of the world's merchant fleet by tonnage, even if many Greek ships fly flags of convenience. The past few years have also seen the emergence of the publicly traded Greek shipping company, an idea that would have been anathema to the likes of Onassis and Niarchos, who had little time for the transparency or accountability involved in being public. For instance, Tsakos Energy Navigation (TEN) a subsidiary of the second largest Greek ship-owning firm is listed on the New York Stock Exchange. Argonaftis, the first shipping firm to float on the Athens Stock Exchange, announced in February that it would also get a New York listing. TEN, for instance, signed a $ 170m contract to buy a liquefied natural gas carrier (LNG) in early June, a sector that Greeks have historically steered clear of, but which is now starting to boom. As well as becoming more diversified, risks are also being managed by making the Greek fleet younger" (Economist, 2004v).

5.2.3 Concluding remarks from the Greek IR experience

Investors who decide to invest in the Greek equity market apply a top-down approach along with other evaluation criteria (Ntokas, 2004b). Corporate governance (CG) principles and corporate disclosure applications are also very important, since they decrease the risk undertaken. On the other hand, the local management of the listed companies remains inactive and it waits for other market participants to discover them. Some executives expect that the IR department has to comply with only the mandatory information to the institutional bodies and investors. Some others believe that the IR is primarily a public relations activity (Ntokas, 2004b; Demos, 2002c; Kontogiannis, 2002b). The practising Greek IR "model", by the majority of the listed companies, focuses mostly on corporate public mandatory disclosure (i.e. quarterly and yearly accounts, press releases, etc.) according to by-laws and regulations, and on "impulsive action" by the people from the registry (metochologio) department (Gitzos, 2002; Kanelopoulos, 2002). In addition, Demos observed that intermediaries - especially the media people - not only substitute the internal people who process the information but also affect on a large scale the message given to the market, either directly (newspapers, TV, etc.) or indirectly via the sell side analysts' dailies (Demos, 2003a). In conclusion, the "Greek IR model" is practiced because of the immaturity level of the market, its stage on the life cycle line, the existence of few trained and qualified IR professionals, the particularities and business Greek culture, the low visibility of the Greek market as a whole and - in particular - the medium and small size listed companies, the low IR budgets owing to the declining economic cycle and the misunderstanding of the IR function by the top executives. The challenge is to identify corporate communication programmes and IR strategies that will help the Greek companies to promote their investment case successfully, both locally and globally.

5.3 Main prerequisites for a proactive Greek IR policy

Some main prerequisites for the Greek IR to act on and implement successful IR policies can be identified as: internal IR set up and organization; company visibility; Investor confidence building; and stock liquidity and dual listings; (Demos, 2002a).

5.3.1 Internal IR set up and organization

Historically, as mentioned previously, the position and organisation of the IR office are attached to the CFO's office, and in some cases it operates under the PR department. The IR department is also responsible for informing the management about the profile of the visitors, such as number of shares, trading behaviour, analyst and fund manager photos, disposition and attitude towards the stock, known characteristics and biases, allocation, history. The IR department has to undertake and submit to the top management the following memos in frequent time intervals for internal use as well as for specific occasions: a weekly memo which must include the stock's movements, the trading activity and where it comes from, what is happening in the international and European telecommunications market, new IPOs, etc.; and a quarterly memo for the Board of directors and the managers only, which should include important financial evidence, a comparison of stock behaviour, etc. It also submits a memo, in frequent time intervals for internal use, to all the managers and sub-managers to show the importance of "not talking more than we should", the inside trading and SEC obligation as well as other disclosure issues. Moreover, the IR department needs to inform the middle managers and other departments (i.e. accounting, international, etc.) periodically in order to motivate them as well as to collect information easily from them before he/she processes it to the analysts and the investors (screening raw data) (Aloupis, 2002; Demos, 2002a; Tegopoulos, 2002). It continuously undertakes the grouping of the existing and potential investors, since many institutional investors buy from different types of funds or financial centres. For example, fund managers from Templeton and Fidelity, located in London, NYC, Florida, California, Paris, Hong Kong, etc. invest in Greek stocks, and the IRO has to know how much in total Templeton and Fidelity owns. He/she also creates a complete profile of the portfolio managers. The IR department watches the trading in the major stock exchanges, such as the Athens Stock Exchange, the New York Stock Exchange and the London Stock Exchange, as well as the Frankfurt Stock Exchange, where the stock is listed and traded, in order to check possible arbitrage moves and inform the management on a daily and weekly basis. The IRO is the official spokesperson for the equity and bond transactions, and has direct communication with the Chairman of the Board of Directors, the CEO and the CFO for the setting of the involuntary and voluntary communication and information (Kanelopoulos, 2002; Tegopoulos. 2002; Demos and Papadakis. 2000).

5.3.2 Company visibility

As noted, the basic aim of the Greek Investor Relations (IR) departments is to increase the company's visibility, and to motivate investors - especially institutional investors - to invest in the company's stock. In order to do that it is necessary to implement some basic steps, including for example:

a) The "diagnosis" of the listed company, in order to bring about its needs, particularities and implementation of the appropriate IR strategy and tactics, so as to match it with the potential investors (Schina, 2002b; Demos, 2000b).

b) The strategic planning and programming of the IR activities which ultimately lead to the optimization or rather the maximization of the company's share price. The creation of an effective action plan and performing budget of the IR activity helps the IR department to design a proactive strategic programme for the needs of the share and not simply to play the role of a firefighter. A tenacious IR plan could make sure that the company will be on the radar screen of many fund managers (Alexakis, 2000c; Vergos, 2000a).

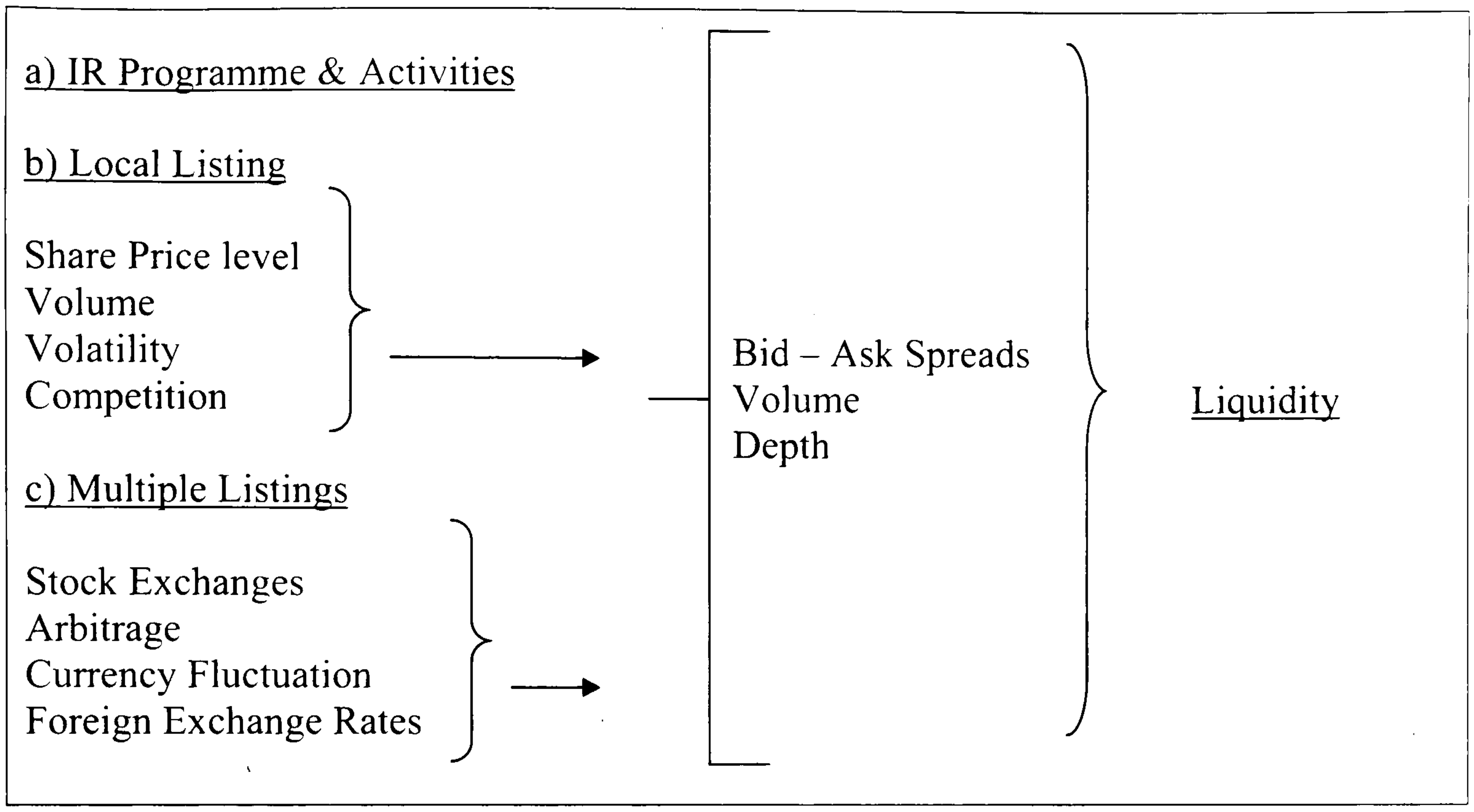
c) The direct, authoritative and timely disclosure of the company's activities, strategy, results and perspectives to all market participants (analysts, institutional investors, brokers, bankers, etc.). The steady increase of the company's visibility across various types of investment houses (value, growth, dividend, investors etc.) as well as across different geographic financial centers (i.e. Nordic, Canada, Japan, etc.) and the increased visibility in more US cities, even in periphery ones, such as Kansas City, Minneapolis, etc., can be accomplished by the implementation of a consistent and aggressive roadshow policy. This is a necessity when there is no coverage for a stock and therefore the company has to search and tell its investment merits directly to the end users (Baker, 2002a; Demos, 2002d).

d) Furthermore, the creation and culture of relations of trust with the investors and intermediaries. The good relations are established by informal and one-to-one meetings which for the listed companies is imperative because the foreign institutional investors and analysts especially are bombarded on a daily basis by many investment offers from companies of other countries. So, the idea not only of the reliable information but mostly the visits to their offices and the briefing on the history and perspective of a company is the best sale of that company's share (Theiss. 2004; Ryder and Regester, 1988).

5.3.3 Stock liquidity and multiple listings

As mentioned earlier. one reason for the non visibility of the Greek stocks is inherently attached to the liquidity characteristics of these stocks (Konstantinidis. 2003: Kokoris. 2002; Demos, 2000c). The need to increase liquidity and trading activity is important. and one proactive solution is the dual listing of the stock in more liquid exchanges than the ASE (Doidge. Karolyi and Stuiz, 2001: Levey. 2000; Levis. 1996). It is easier and cheaper for a German investor to buy a stock in a local exchange (Alexander. Gordon. Cheol and Janakiramanan, 1988). Cross-border transaction costs are avoided. company information could be available more quickly in German, local brokers can analyze and promote the stock more effectively and efficiently to the institutional and local investors, and the clearing of any transaction is easier (Judd. 2004b). The liquidity of a stock is influenced by the demand and supply of the underlying shares. the availability of capital (private and institutional) in each financial market. and the attraction of foreign capital, among other things (Bailey. Warren. Karolyi and Silva, 2000: Levis. 1996). Multiple or dual listings for companies that trade their shares in small periphery stock exchanges are another way to create local investor confidence and a consequent increase of bids for the stock (Harley, 2000; Moel. 1999; Levis, 1996). Again. an investor from Calgary in Canada has a high propensity to invest in a Greek listed stock when it is traded on the Toronto Stock Exchange (TSX) (Demos, 2000b). Technically. the liquidity of a share is influenced by three basic factors. that is, the bid and ask spreads, the volume of transactions and finally the depth of the share (Stulz, 1999: Levis, 1996; Demos and Papadakis, 2000). Respectively, either for single or multiple listings, the bid and ask price spreads depend on the shares price level, the volume of transactions, the stock volatility. etc. The increase of volatility increases the bid and asks spreads and consequently transactions are not being made. For the multiple listings in particular, the volume of transactions depends on the number of stock markets where a share is traded, and also on the profit or loss opportunities because of arbitrage, which may be caused by foreign exchange differences and a different price of trading in the various stock markets. It has been calculated that the transaction cost of a cross border share transaction, on average, covers the 1.5% of the price of purchase or sale (Blak, 2005). So. if the difference is of the order of 3.5% of the share and there is not significant foreign exchange modification, then the purchase of the share is advantageous. Consequently. the increase of the transactions volume lessens or even reduces the bid and asks spreads. and consequently. one obtains the transaction, which increases the share's liquidity. Finally. the depth of a share influences directly its liquidity by the conduct of the transactions. Usually, the shares with high marketability and capitalization have also the required depth for many transactions and also when a share has many shareholders or a large investor base (Blak. 2005; Leong. 2002: Demos. 2000c).

Figure 5.5: Stock Liquidity, Multiple Listings and IR activities.



Source: Demos, 2000b; Levis 1996.

5.3.4 Investor confidence building

While the main objective of the IR programme and activities is the creation and "cultivation" of reliable relationships between the Greek listed company's management with the investors, analysts, bankers and the other market makers, the most important element in this process of building confidence and strong relationships is the timely, on line, "correct" communication of the company's strategy and operations to the investment community. "Building confidence is the essence of the IR job" (Gitzos, 2002; Kanelopoulos, 2002; Aloupis, 2002; Demos, 2001a). The foreign institutional investors, analysts and other market players have formed a perception of Greece and the Greek stock market. Historically, their bias is entrenched in the associated uncertainty, lack of confidence, poor information, inconsistency etc. In particular, with reference to smaller capitalization firms, they perceive it as "strongly illiquid". Furthermore, since 65% of ASE's trading is initiated by the foreign investors, most of the trading takes place at the top 20 to 30 companies, either as index or large capitalization investors (Volis, Karathanasis and Diamandis, 2004: Kontogiannis. 2002c: Demos. 2000a). Therefore, in order for the majority of the Greek companies to provoke and attract the attention, to disclose and clarify more information. to dissolve any uncertainty and to build investor confidence, they should apply voluntary disclosure policies, and their IR departments should implement a proactive and aggressive IR plan. The concept of "disclosing bluntly and timely the real (not only the proper) information" but also that of visiting the investors' offices in order to inform and brief them personally on the company's history, finances and perspective is the best way to market any company's share (Ntokas, 2004i; Kontogiannis, 2002a; Demos, 2000a). A prerequisite to "cement" the investors' confidence is to target and visit, flexibly and frequently, institutional investors in any location, investment type and form. This activity indicates the company's commitment to enlarge the investors' base geographically and among mutual, pension, hedge and other funds, and the appetite to know new companies and be exposed to new investment ideas and models is constantly there. The interest expressed for Greek stocks, by investors from various "regional" American and Canadian cities such as Des Moines, Kansas City, Minneapolis, Toronto, Montreal, etc., was surprising[12]. When the big global banks-underwriters plan a roadshow for a Greek stock, they cannot visit all financial centres and cities across the world, where certain mutual and pension funds (long-term investors) are based, because of the lack of time and salespeople. It is the responsibility of the IR departments of the Greek companies to identify, plan, target, match and implement an aggressive informative and promotional campaign in order to sell shares (Demos, 2004a; 2001b).

5.6 Summary

In conclusion, the basic attributes for the effectiveness of the IR activity are the appropriate diagnosis of the specific firm's needs as well as the layout of creative strategic communication planning by the IR department. In this process, the personal attributes and characteristics of the IRO trigger the effectiveness of the communication plan and the visibility of the company's investment case across financial centres. In addition, the establishment of an efficient IR department, the freedom to act creatively and with discretion, and a dual or multiple listing of the share on other major stock exchanges, intensify the firm's visibility and its stock liquidity which in turn increase trading and build solid and lasting investor confidence (Demos, 2004a; Thomas, 2004; Williams, 2003).

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[12] The author's roadshow participations amount to more 200 European and North American one-to-one meetings. In addition, there were more than 70 group roadshows and another 30 company group presentations in Greece. Furthermore, more than half of the private and group presentations were initiated, organized and implemented by the author.

Chapter 6.0 Literature Review

6.1 Introduction

Chapters 2 to 5 provided a detailed description of IR in general and in the context of IR in Greece. This chapter provides a literature overview on the subject of corporate communication and investor relations. It describes the theoretical foundations that may be applied to corporate disclosure and investor relations, such as the agency theory and the efficient market hypothesis model. Later, it exposes the research findings in the area of corporate communications according to corporate governance (CG), disclosure via intermediaries and in discretionary mode. By doing so, it gives an overview of the theoretical and empirical development of the corporate disclosure and investor relations research. Corporate communication, investor relations and corporate disclosure are used interchangeably, since it is accepted here that they are in essence similar in functioning and activity.

6.2 Theoretical foundations

The information process is defined by the acquisition, interpretation and use of information (Figure 6.2). When information delivery fails then information asymmetry issues arise that seriously affect decision making. Decision making is also affected by the proliferation and excessiveness of information and therefore the existence of noise. Information asymmetry and noise are problems in the corporate communication process and affect investment decisions. The major shareholders or owners of a listed company, but mostly the top executives who run it and can evaluate better the business entity, are the information insiders (agents) who select the type and time of delivery of information and the disclosure pattern (Fishman and Hagerty, 2003; Hong and Huang, 2003; Del Guercio, 1999; Hilton, 1993). Consequently, there might be an information gap between the acceptance and interpretation of the company's information, and its proper use and implementation by the market players (agency information paradigm). The investor relations literature is based mostly on the agency economic theory and selected themes from accounting, finance and marketing. In other words, there are several academic disciplines involved in the study of investor relations (Bushee, Matsumoto and Miller, 2003; Hong and Huang, 2003; Brennan and Tamarowski, 2000). Verrechia (2001, pp. 98-99) states that "disclosure literature could be probably characterized as an eclectic commingling of highly idiosyncratic (and highly stylized), economics-based models", and, furthermore, suggests that "eclecticism is exacerbated by the fact that disclosure, as a topic, spans three literatures, accounting, finance, and economics, and thus inevitably takes on features of those literatures".

Figure 6.2: Information Process and Asymmetry.

COMPANY INSIDERS
(of Information)
⇓
INVESTOR RELATIONS
⇓
ACQUISITION
of Information from internal departments and top management
⇓
DELIVERY of Information
(Means to transfer and convey information)
⇓
ACCEPTANCE of Information
(Reliable information to get attention and persuade)
⇓
INTERPRETATION of Information
(Using intermediaries)
⇓
IMPLEMENTATION of Information
By information users
(Buying or retaining stock by Investors)

Source: Demos, 2001a; Dixon, 1976.

Marston (2004, p.7) argues that "there is no specific theory that can explain IR practised by companies". She evaluates IR as part of the financial reporting process but also suggests that IR can be viewed from different angles, not merely as an information providing function. She also stated (1996) that the purpose of IR is to provide information to the financial community, such as analysts, media, institutional and retail investors and public investors, in order to evaluate a listed company optimally. Since the recent stock market bubble in 2000, the subsequent collapse of investors' confidence and the proliferation of mandatory rules and corporate governance regulations by the US and other SECs, formal corporate communication has become synonymous with regulated disclosure (Witt, 2004; Stilponos, 2004; Mulligan, 2001). In other words, all formal channels of company information could be regulated and controlled by the security authorities. The annual, semi-annual and quarterly reports, the official press releases, the agenda and minutes of the general assembly, the financial statements and the footnotes, and the fillings were and are part of the formal or regulated corporate communication. Corporate disclosure and IR activity were examined either as formal or as informal corporate communication functions (Holland, 1998b; Marston, 1999).

Informal corporate communications and activities can be classified as public and private (Brennan and Kelly 2000; Marston, 1999; Holland, 1998a). Public disclosure includes press releases, web site and web casting communication of information. Private communications consist of mailing information to market participants, answering queries, providing feedback on analysts' reports, email information, group and/or one-to-one meetings, etc. Disclosure is a firm's voluntary and discretionary delivery of information to the investors and the market, and disclosure effectiveness refers to the use of information, so savers/investors are able to make informed investment judgments, as figure 6.2 indicates (Pae, 2002; Palmiter, 1999; Holland, 1998a). As mentioned in Greece, there has been no previous research on corporate communication and investor relations, with the exception of some case studies on roadshows and dual listings.

6.2.1 Agency theory foundations

Investor relations have been examined from an agency theory perspective. The traditional agency theory was introduced by Coase (1937), and later expanded by Jensen and Meckling (1976), and Fama (1980) observed that the role of financial information was to supervise the behaviour of top management in order to reduce the agency cost. Dye (2001, p. 184) suggested that "there is a theory of voluntary disclosure and (this theory) is a special case of game theory with the following central premise: any entity contemplating making a disclosure will disclose information that is favourable to the entity, and will not disclose information unfavourable to the entity". Investor Relations and voluntary disclosure decisions "involve balancing conflicting incentives associated with different audiences (Chen, Conover and Kensinger, 2005, p. 1). Investor relations (IR) play a vital role in the "information process and information asymmetries" (Yoshikawa and Linton, 2000, p. 3). They are accepted by top management (company information insiders) as an information filter, official company communication voice and even a buffer and protection zone for the executives. As Rao and Sivakumar report, "top managers found it rational to hire personnel to buffer themselves from external scrutiny" (1999, p. 30). They are also accepted by the analysts (information intermediaries) and the investors (company information users) as a reliable source of company information (Holland, 1997; Marston, 1997a). IR relate directly to two major agents in the corporate setting: the top executives and the owners. "Managers must provide owners with accurate, timely, and complete disclosure of the company's positions", and systems, codes and governance have been developing in order to resolve "conflicts of interest between owners who lack the specific information (or the background knowledge to utilize it) and the managers who act as their agents (Chen. Conover and Kensinger. 2005. abstract)." Lev (1992. p. 17) pointed out that "economic theory has recognized that without active disclosure the truth never comes out and consequently a permanent information gap generally exists between insiders and outsiders". Gelb (2002) argued that the separation of ownership and control leads to agency problems and the diffusion of ownership leads to governance problems. The economic theory of the agency paradigm also addresses the information asymmetry and communication gap between management and shareholders. Research by Glosten and Milgrom (1985), Lang and Lundholm (1996, 1993). Welker (1995) and others in this field indicated that corporate disclosure is positively related to information asymmetry between investors and managers. Agency theory and investor relations are also closely related through the relationship and/or distinction between existing shareholders and prospective investors. As Miller Lee Richard (1988, p. 128) noted, "in most companies. the Investor Relations function devotes a very large proportion of its efforts to the outsiders (prospective investors – if and when some of them purchase the securities of the firm), and only a limited part to the shareholders (the actual investors). This is probably because the Public Relations function has traditionally been the "parent" of the Investor Relations". Watts and Zimmerman (1978) argued that the companies should increase discretionary disclosure in order to minimize pressure from government and stakeholders' and unnecessary compulsory regulation. In conclusion, a large portion of the academic research and literature on disclosure and investor relations draw heavily from the agency theory.

6.2.2 Efficient Market Hypothesis (EMH) foundations

Investor relations have been examined from an efficient market hypothesis (EMH) perspective. The market is efficient if information is included in the market price. IR also plays a vital role in the timing of the corporate disclosure and information efficiency (Holland, 1998b). As Rogers (2002, p. 22) reports, "companies derive significant benefits from voluntary reporting, including using vehicles like the CEO presentation which allows management some interpretive licence". To handle such, IR must be integrated at the topmost levels of the firm. The use of the means that convey the company's information (i.e. letters, telephones, press releases, web sites, email, meetings. etc.) to the investment community and the equal access to this information by the information users and other market players (analysts. media. regulators. authorities. institutional. individual investors. etc.) are major concerns in the IR function. and as such. investor relations have been examined from an efficient market hypothesis perspective. Deller, Stubenrath and Weber (1999), found that by disclosing more to interested parties and to the market, a company could influence the market participants. Marston (1997a, p. 266) argues: "In practice there will always be information asymmetry". It is not possible to convey to the market all the information about a company. If this were possible the market would exhibit strong form efficiency, which has been reported on by Keane (1983, p.10) as follows "The market is efficient in the strong sense if share prices fully reflect not only published information but all relevant information including data not yet publicly available. If the markets were strongly efficient, therefore, even an insider would not be able to profit from his privileged position". Bromwich (1980, p. 68) connects information asymmetry with insiders and, most important, financial analysts with inside information, and suggests that the holders of esoteric company intelligence partially help the market efficiency. In particular, he argues that, "given the relatively small numbers of individuals who have access to such non-public information", these individuals first of all may contribute to economic efficiency, since they have access to superior company knowledge, as they claim, and, secondly, they exercise a kind of monopolistic information power and, therefore, "will not provide the information to all those willing to pay the incremental cost of their demands". In conclusion, since investor relations play an important role in the information process, information asymmetry and information efficiency, they can be analysed from the efficient market hypothesis framework.

6.3 Empirical and theoretical IR literature

There has been research into the specific area of disclosure that is covered by the investor relations in the English-speaking countries (USA, UK, Canada, Australia, NZ, etc.) but there has been little academic research into IR issues in the rest of the world, for example in Europe and Asia (Marston, 2004; IIRF Conference, 2004; Investor Relations Society 2000b; Jacobs, 1998; Pincus, 1989). Minimal research in general has been focusing on other markets. And if research initiated focuses mostly on the regulated disclosure (Tiron, 2005). Yoshikawa and Linton examined variables that affect the practices and models of the Japanese companies' investor relations. They found that "corporate governance and investor relations theory from North America may be appropriate for Japanese companies" (2000, p. 20). Marston and Straker (2001), in a survey of 80 large non-UK European companies, enquiring about their investor relations activities, found that "investor relations was becoming an increasingly important function, and almost 90% of the respondent companies employed a full-time Investor Relations Officer". In addition, their research indicated "the practice of investor relations in Europe has varied and still varies considerably between nations, for a variety of reasons". They conclude "there has been growth in investor relations in all European countries, perhaps as a result of increases in international investment and the spread of Anglo-Saxon business practices". Godfrey (2001, p. 4) evaluated the investor relations in New Zealand by researching "how effective ... corporate IR programmes and strategies [are] in communicating with the financial community in New Zealand." Hoepner (2002) investigated the application of mandatory and voluntary disclosure in Germany. Du (2002) examined the corporate governance consequences on Chinese corporations and investors. Solomon, Solomon and Chang-Young (2002) conducted research into how corporate governance applications affect the investment community in South Korea and the feedback and influence on the local mandatory mechanisms by the institutional investors. Marston and Empson (2004c) have also documented the level of the IR industry in Eastern European countries. Patton and Makhija (2004) evaluated the voluntary disclosure policies via their annual reports of Czech listed companies. Hamid, Salleh and Yusof "investigated the usage of internet by Malaysian public listed companies as a medium for IR" and the companies that use web communication to the investment community enjoy the investors' confidence (2004, p. 21). Much of what is happening in the European countries, as well as in others like Japan, Korea, etc., can be found in the IR Magazine (Bingham, 2004). Aside from the academic contribution to the study of IR phenomena, the industry of corporate communication and IR draws much from the IR practitioners, who plan and implement the IR programme, consult and advise the company's insiders and owners based on the synthesis of market perceptions, opinions and strategies. The practitioners convey their experiences, observations, and knowledge to the IR magazine and to different *ad hoc* research conducted by intermediaries and consultants. This collection of findings contains a good source of information on IR issues. In addition, knowledge about the IR status in many markets comes from informal discussions and formal presentations in the International Investor Relations Federation annual conferences (IIRF Conference, 2004). Academic researchers could look into the considerable event-related material in the investor relations area which is encountered in publications and magazines, mainly in the United States and the UK (Investor Relations Society 1998). All IR practitioners and interested parties accept the UK's IR Magazine and its sister web periodical IR on the Net as the "official magazine" in the industry. Across the Atlantic, the USA's National Investor Relations Institute's Investor Relations Quarterly and Investor Relations Update are also considered to be good sources of information about IR practices, case studies and results. In addition, NIRI and the UK's Investor Relations Society publishes *ad hoc*, insightful empirical IR research studies that cover many IR-related issues, such as IR constraints, tools, effectiveness, relation to the corporate governance rules and directives, and intermediary information disclosure (National Investor Relations Institute, 2000). Such *ad hoc* surveys emerge in other regions as well. News Directions' (1999) survey in ten European countries and Intercapital Communications' IR survey in Australia (1998) are good examples. In conclusion, investor relations issues have been examined to some extent, if not satisfactorily in the USA and the UK markets, but minimal research has been conducted in other markets. Different IR practices and empirical examinations can be surveyed in the specialty IR magazines and the practitioners' conferences, but little academic research can be found across other markets, at least in English.

6.4 Regulated corporate disclosure and IR literature

Following the cycles model or interpretation in the political arena the financial markets and specifically the securities industry, corporate disclosure "rides on its own cycles" (Batra, 1987; Schlesinger, 1986). After the stock market collapse in 2000, the need and demand for more control and regulation of the equity markets initiated control and check points in the corporate disclosure activities. Investor relations as a strategic intelligence function are viewed as an activity in the Corporate Governance framework (Rogers, 2002). Academic research identifies and examines investor relations as an element of Corporate Governance in the form of a mandatory public information mechanism that, according to a standardized and universal set of rules and regulations, enhances information symmetry and efficient markets (Brown, Finn and Hillegeist, 2001; Holland, 1998a). Walmsley, Yadav and Rees (1992), in their event study of the market effect of presentations to the UK investor society, concluded that company information is impounded into the share price. They consider that private information given during presentations is potentially unfair and could be illegal. Short, Keasey, Wright and Hull (1999), Coffee (1999), Brennam and Kelly (2000), Admati and Pfleiderer (2001), Bushman and Smith (2001), Franco (2002), Fishman and Hagerty (2003), and Avgouleas (2004) have all researched the dimension and the role of regulation, and especially corporate governance on the disclosure process, the quality of corporate governance and corporate communication, the usefulness of regulation, and stress the uniformity of the IR activities across companies, markets and countries. In addition, there are studies or surveys that examine legal or regulatory issues concerning the role, constraints, tools and effectiveness of IR. In the UK, Gaved (1997) investigated the role of institutional investors in the governance of the listed companies of which they are shareholders or in which they intend to invest. In the US, Thompson (2002, 2003, 2004) has been investigating the impact of corporate governance rules and especially of the Regulation Fair Disclosure (Reg. FD) and the Sarbanes-Oxley act on the investor relations and therefore on the asymmetry, investors' confidence, share price, volatility, trading, analysts' models, etc. relating to the information. In particular, the Reg. FD rules that enforce the companies to disclose simultaneously any information to all market participants, via the web site, web-casting, press release, etc., probably created more informal and discretionary communication issues, at least in the non USA markets. In Germany, Witt (2004) researched the particularities and application of corporate governance rules in the German context. In the EU, Carpenter (2002, p. 27) concluded that "disclosure practices have been forced to improve for several companies from smaller markets…while...disclosure practice among Europe's blue chips is driven by similar international standards". A global survey by Citigate Financial Intelligence (2003, pp. 3-6) reported that "…while shareholder identification is regarded as the building block of Investor Relations … the impetus legislation is not generally provided by the agendas of the corporate or the buy-side communities: the original motive for transparency was the protection of the small shareholder and it remains the legislator's primary concern, joined by other motives for greater transparency such as the desire to prevent money laundering or insider dealing". Another global report by Simmons and Simmons (2004, p. 8) concludes that putting "aside Russia, which has no formal disclosure obligation (of share ownership), …companies in continental Europe and Canada, Scandinavia, and the UK and commonwealth ...rely on the enforcement powers of the national regulators where the information provided is not sufficient". In addition, almost every year major global institutions such as the NASDAQ produce a well-defined booklet on investor relations, which describes adequately and practically the three modes of disclosure (regulated, intermediary and voluntary). On the other hand, Marston and Empson (2004a, p. 7) argue: "hard-copy disclosures and investor relations disclosures may require a different theoretical approach" and Dye (2001, p. 184) posits that "there is no received theory on mandatory disclosures". The last five years have seen progress into an era of mandatory and strong regulatory imposed regulations and practices in the securities industry and in the communication of the information in the corporate world. Regulatory bodies, stock exchanges, academic research and specialty periodicals focus, examine and justify the incorporation of corporate communication and investor relations in the greater framework of regulated corporate information.

6.5 Corporate disclosure via intermediaries and IR literature

A large group of researchers have tried to evaluate the role of the information intermediaries in the company's disclosure activity. They examine basic parameters such as analyst coverage, accuracy of analysts' forecasts of earnings, earnings projections, earnings guidance, wires intermission, media intermediation, etc. Arnold, Moizer and Noreen (1984), Hirst (1988), Gniewosz (1990), Lang and Lundholm (1996), Francis, Hanna and Philbrick (1997), Marston (1997a, 1997b), Clement, Rees and Swanson (2000), Irvine (2001), Byard and Shaw (2004) have all attempted to identify the role of analysts in the information continuum, mostly in the English speaking financial markets. The majority of them have employed the survey, questionnaire and interview research approach, and their findings assert and support the dynamics of different facets of the disclosure via intermediaries. Bhushan (1989) developed a model of analyst following and proposed a number of parameters that affect analyst coverage. The size of the firm, the business lines, the shareholder structure, the company's founder and major shareholder's role, share liquidity and stock return are some of these variables. Additionally, O'Brien and Bhushan (1990, p. 17) found that "analyst following increases more in firms with small prior analyst following and in firms whose return volatility has declined and that analyst following increases more in industries with regulated disclosure and with an increasing number of firms. Institutional ownership increases with firm size and with increased market risk". In a later paper, they (1996, p. 490) concluded that "firms with more forthcoming disclosures in their industry have a greater analyst following, more consensus among analysts' earnings forecasts, more accurate forecasts and less variable forecasts revisions" and, more important, "investor relations is consistently a significant determinant of analyst behaviour... since...direct contact with the company is a primary source of information for analysts". Bromwich (1985) argued that some analysts have access to private company information and could be considered as insiders (of company information) themselves and therefore are part of the agency problem. Lee and Tweedie in 1981 (p. 104) reported that during a company and site visits "any information obtained (during a visit to a company) may well be unique in the sense that it may not be shared by other investors (both existing and potential), whereas published sources provide knowledge for all users. Consequently, company visits would seem at first sight to be an extremely useful means of obtaining information in advance of other investors". Marston (1997a,

p. 267) stated: "It is clear that informal contacts between analysts and companies have long been the norm. The literature clearly indicates that such meetings were viewed with approval as an essential part of a company's financial public relations exercise". Hirst (1988, p. 20) evaluated the close relationship between top management and analysts and concluded that "an open management will tend to reduce information disparities. It may, however, reflect more than different management styles. Companies in financial difficulty are likely to be subject to considerable information disparities, and their managements will be unable to speak freely. In either case, the evidence seems to support the view that an open relationship between management and analysts supports marketability". Lang and Lundholm (1996) recognized the value that IR adds to the disclosure practices over time and show that more informative disclosure policies, and through the analysts, reduce information asymmetry. In an earlier study, they (1993, p. 246) provided evidence that "the analysts' ratings are increasing in firm size and in firm performance...and...decreasing in the correlation between earnings and returns, and higher for firms issuing securities in the current or future period". In other words, the mandatory disclosure secures only a small portion of company's information, and the biggest part of the information is left to the discretionary mode of the companies or better to the incentives of the top managers to disclose more information. Another area of research that is associated with the corporate disclosure through the information intermediaries is the management of managers' earnings. The relationship between information asymmetry and earnings management was examined by Biggs (1984), Lang and Lundholm (1993), Dye (2001), Hutton, Miller and Skinner (2003) and others. The opportunistic disclosures of company's earnings by the insiders were also researched by these researchers, who posit the interdependence and positive relationship of information asymmetry and management of earnings. Farragher, Kleinman and Bazaz (1994) found a positive correlation between investor relations activity and the consensus of analysts' forecasts, especially in terms of earnings per share. Francis, Hanna and Philbrick (1997) similarly found a positive correlation between analyst presentations and analyst coverage. Brennan and Tamarowski (2000) found a positive correlation between analyst coverage and liquidity of the underlying stock. Specifically, Lang and Lundholm (1996, 1993), Welker (1995), Sengupta (1998), Healy, Hutton and Palepu (1999) have documented a negative relationship between corporate disclosure and earnings management. Healy and Palepu (2001) as well as Core (2001) have reviewed the recent empirical disclosure research through the information intermediaries. Healy and Palepu (2001, p. 418) concluded that there is enough evidence that "shows that at least some of the disclosures made by financial analysts, the business press, and bond-rating agencies affect stock prices". Nonetheless, they summarize that "there remain important gaps in our knowledge about the incentives of auditors and intermediaries, and the impact on their credibility". Academic attention has been focused mostly on analysts and their role in corporate disclosure, but the role of other information intermediaries such as the media, the auditors, the brokers and others is vital, and regulatory bodies such as the US SEC have been pushing hard over recent years to control the role of intermediaries and their access to privileged company information by exhorting companies to disclose more information directly to investors (Byard and Shaw, 2004; Chang, Khanna and Palepou, 2000).

6.6 Voluntary corporate disclosure and IR literature

Academic research focuses and also examines the discretionary corporate communication process. Discretionary public and private corporate communication, through group and private meetings, telephone calls, conference calls and even web sites, enhances information symmetry and efficient allocation of resources and money. As a consequence, a solid body of the IR and related literature treats investor relations as a form of voluntary disclosure. Watts and Zimmerman (1978) argued that the top management of the listed companies should focus and increase their discretionary disclosure in order to bridge the information gap voluntarily between themselves and the market, and to pre-empt the regulatory institutions strategically to enforce patterns of disclosure. If minimum disclosure requirements exist in a capital market, then the flexibility of the management to exercise discretion in its corporate disclosure and the communication of the company's information is maximized. Along the same lines, Verrecchia (2001) argued that the top management could accept the cost associated with a possible voluntary increase of the corporate disclosure in order to value their company and its underlying stock by the market correctly. Similarly, Barry and Brown (1985), Merton (1987) and Diamond and Verrecchia (1991) provided evidence of negative correlation between voluntary disclosure and information asymmetries between management and shareholders-investors, and, furthermore, of the positive relationship between discretionary disclosure, stock liquidity and share price. Lev (1992) argued for a more proactive and consistent communication policy by the public companies, and researched their communication policies with the investors' confidence, information surprises to the market and the share price. In addition, he concluded that "economic theory has recognized that without active disclosure the truth will never come out – a permanent information gap generally exists between insiders and outsiders" (1992, p.

42). Healy, Hutton and Palepu (1999) also documented the importance of "private information" that stimulates analysts to cover the stock, and that it also motivates fund managers to buy the stock and therefore boost liquidity and stock price. Eccles and Mavrinac (1995) found that voluntary disclosure policies by the listed companies surpass the mandatory requirements and play an important role in the corporate communication. Marston (2004, 1994), in the last decade, systematically researched the investor relations activities, by using mainly questionnaire methodology, examining consistently the development and functioning of the investor relations industry. She based her analysis on the assumption of IR as voluntary disclosure and examined IR organizational issues, execution of private meetings, effectiveness of group meetings and telephone conversations, among others. Likewise, Holland (1998b, p. 267) reported: "private disclosure activity was recognized as a significant part of a larger corporate decision concerning public versus private voluntary disclosure". By interviewing top executives, he tried to shed light upon and "offer little guidance on how informed traders become informed, or how private or public disclosure will affect other institutional and market states such as trust, confidence and support" (1998a, p. 65). Barker (1996, 1998), also using the grounded research approach (structured interviews), interviewed finance directors, analysts and fund managers, and concluded (1998, p. 27) that "for analysts, direct contact with the company provides timely, focused, forward-looking information that is perceived to offer a competitive advantage over rival analysts" and similarly, "for fund managers, formal meetings offer an opportunity to access the company's strategy and the ability of management ... and to offer a competitive advantage in terms of investment performance relative to rival funds". Along the same lines, Marston (1999), Weetman and Beattie (1999), Beattie (1999), and later Roberts, Sanderson, Hendry and Barker (2004) justified the importance of investor relations meetings and in particular the private meetings, in closing the information gap and accessing directly the top management and therefore primary company information. Similarly, Walmsley, Yadav and Rees (1992) reported the importance of private meetings in the disclosure of corporate information. Larran and Rees (2003), using the questionnaire and interview methodology, also concluded that the meetings - both group and one-to-one meetings - were very important for the most important players, such as company executives, analysts and fund managers. Bushee, Matsumoto and Miller (2003), Tasker (1998) and Frankel, Johnson and Skinner (1999), researching a specific IR tool, that of the use of conference calls to convey information to market participants, concluded that this voluntary tool is not only decreasing information asymmetries but also affects positively trading volume and volatility of the shares. Surveys and case studies on conference calls can also be found in industry magazines (Carpenter, 2004a; Gower, 2003a; Investor-Relations-Business 1999a; Investor-Relations-Business 1999b; and Investor-Relations-Business 1999c). Since the last decade, with the advances of internet technology and the use of email as a fast, frequent, on time, inexpensive and formal disclosure instrument, much attention has been directed on the extensive use of internet financial reporting (Lyle, 2004; Boros, 2001; Croft, 2001; Fisher, Laswad and Oyelere, 2000; Clemons and Row, 2000; Ashbaugh, Johnstone and Warfield, 1999; Lymer, Debreceny, Gray and Rahman, 1999; Bury, 1999; Baxt, 1999). Deller, Stubenrath and Weber (1999) found a positive correlation between the content of the web sites and the level of disclosure, especially in the annual reports. Gelb (2002, p. 169), researching internet technology disclosure, concluded that "disclosures represented by the investor relations category are less formal and rigid and are not an effective signal of the firm's intentions to disclose more in the future". Geerings, Bollen and Hassink (2003), Oyelere, Laswad and Fisher (2003), Xiao, Jones and Lymer, (2002); Lymer, Debreceny, Gray and Rahman (1999); Deller, Stubenrath and Weber (2000, 1999); and Brennam and Kelly (2000) have researched internet-related topics in different country settings such as the EU, New Zealand, the US, the UK, Germany, Malaysia, Sweden, Ireland and Japan. Topics covered by these research efforts are mainly the existence of interactive web sites by cross-sectional listed companies, financial reporting via the web, the nature and depth of the company's information, the continuous flow of updated data, the friendly user content, among others. Another survey focused on firms' web casting: that reported in the IR Magazine (July 2002) shows that the best web casts could be found not only in the large capitalization companies but in smaller dynamic firms. Even a decade earlier, Weisul (1996) found that small dynamic companies were using the internet to promote their investment cases. Research has been conducted in some specific markets. Baker (2001), in an empirical work, found that personal contacts and personal relationships are the communication tools most widely accepted and used by the French institutional investors, especially with the companies in which they have holdings. In Scandinavia, Tuominen (1997) reported and documented that the Nordic corporate communication people favour personal and proactive IR policies extensively. In conclusion, research has been extensive on voluntary corporate communication, by examining how companies disclose through meetings, telephones, conferences, web sites and emails, and the conclusion is that discretionary disclosure enhances information symmetry.

6.7 Other investor relations research and literature

Event studies in the investor relations area examine a particular effect such as the cost of capital, investors' confidence, abnormal returns, liquidity issues, etc. that the investor relations activities have, during a certain period of time. As Armitage (1995, p. 25) notes, "much of the (event) research involving abnormal returns consists of tests of the efficient market hypothesis that share prices reflect all available information." Along these lines, Fishman and Hagerty (1989) showed that IR activities lower the cost for the market players such as the traders, which leads to the efficiency and liquidity of the company's stock price. Byrd, Johnson and Johnson (1993) concluded that IR lowers the equity cost of capital, increases stock attractiveness and decreases information asymmetries between management and potential investors. Some researchers focus on the relationship between IR and visibility, especially for the smaller companies. Bushee and Miller (2005, p. 3) focused on the IR and corporate communication policies of small and medium capitalization listed firms which face visibility challenges. They conclude that "IR activities play a significant role in helping small and mid-cap companies overcome their low visibility due to their firm characteristics to attract a wider following by investors and information intermediaries and improve their market valuation." There is also research that shows that the IR influence or impact on the capital market is limited and inconclusive. Peasnell, Talib and Young (2005, p. 29) found that "low confidence in accounting credibility in the market also may have damaged the confidence investors placed in IR. Hence, contrary to existing anecdotal evidence suggesting a positive role of IR during a market crisis, our study found that IR failed to insulate awarded for their IR firms from the negative market shocks causing these firms to be penalised more." In contrast, almost ten years ago, in the pre-Enron era and before the recent market crash, Mavrinac (1997, p. 13) argued that IR is a fundamental determinant of the companies' share value. In her Canadian survey of three groups (managers, institutional investors and analysts), "the evidence in support of IR is almost overwhelming. If this evidence is to be taken seriously, investment in IR and the development of a truly strategic IR capability is not only warranted but strongly recommended."

6.8 Conclusion

The review of the literature indicates that voluntary corporate disclosure and the investor relations tools that companies employ in order to be more effective and efficient have been examined. On the other hand, many investor relations issues, tools, implementation and effectiveness are worthy of further detailed investigation. The existing research concentrates on the aspects of the three expressions of corporate disclosure (regulated, via intermediaries and voluntary). During the last decade in particular, many changes in the legal and regulatory disclosure framework were witnessed which consequently affected the companies' ability, flexibility and willingness to inform the markets and the market players. There has been inadequate research on all of these (three) fronts of corporate disclosure, especially for the non English speaking markets. The next chapter sets out the research design and methodology for the current research effort.

Chapter 7.0 Research Design and Methodology

7.1 Introduction

This chapter outlines the chosen research methodology, the available research methods, the rationale and the way the research was carried out using the chosen methods. The aims of the research and the research problem are outlined. A short description of the limitations of the research is also given at the end of the chapter. Research methodology is followed either by using a theoretical framework or by extracting and formulating a theory from the analysis of gathered empirical data. Then, based on the theory, interpretations, extrapolations, and forecasts for the future and recommendations are composed. In the present research methodology, one qualitative tool was used: that of interviews. The taped interviews were based on a pre-completed semi-structured questionnaire, which provided quantitative but mostly qualitative data that allowed the research objectives to be attained.

7.2 Research Methods / Paradigms

A short review of the main classifications of social research options is necessary for comparing the theoretical and empirical implications of investor relations research. In the greater picture, there exist two main groups of researching issues in disclosure: information asymmetry and in particular IR. On the one extreme side of the research continuum lies the positivistic (or quantitative) model and on the other extreme side lies the phenomenological (interpretative or qualitative) paradigm (Table 7.1). Perry and Coote (1994, p. 103) noted some key differences between these two polar paradigms (the interpretative and positivist research paradigms). In particular, interpretative research models, compared with positivistic ones, consider words rather than numbers in data terms, tend to be inductive rather than deductive, also tend to use data rather than from experiments for instance, and include subjective data rather than seeking only objective data. Hussey and Hussey (1997, p. 50) pointed out that these extremes are normative forms and may be relatively rare in practice. They identified types (1997, pp. 59-60) of positivistic methodologies, such as cross-sectional studies, experimental studies, longitudinal studies and surveys. They also singled out forms of phenomenological methods, such as action research, case studies, ethnography, feminist perspective, grounded theory, hermeneutics and participative enquiry. They cautioned, however, that the two extreme paradigms are at the edge of the continuum and suggested that "each methodology can be moved some way along the continuum according to the researcher's assumptions" (1997, p. 59).

Table 7.1: Extreme Research Paradigms / Methodology.

PARADIGMATIC ASSUMPTIONS	POSITIVISTIC PARADIGM METHODOLOGY (Empiricism)	PHENOMENOLOGICAL PARADIGM METHODOLOGY
Nature of reality (Ontological Assumption)	An apprehensible reality exists which is driven by immutable natural laws and mechanisms	Reality is seen as subjective (No real world exists outside the consciousness of the observer)
Role of the observer (Epistemological Assumption)	• The reality is independent of and uninfluenced by the observer (only that which is observable and measurable is regarded as valid knowledge) • Interpretation by the researcher is replaced by explanatory prediction and analytical rigor	Researcher's values inevitably affect the interpretation of the findings
Process of the research (Methodological Assumption) Data collection and Analysis		
Types of research	<u>Quantitative methodologies</u> • Cross-sectional studies • Experimental studies • Longitudinal studies • Surveys (generally quantitative and scientific methodologies where testable hypothesis relating to relationships between measuring variables) • Market based studies	<u>Qualitative methodologies</u> Involve interpretation and interaction between the researcher and the subject such as interviews: • Action research • Case studies • Ethnography • Feminist perspective • Grounded theory • Hermeneutics • Participative enquire

Source: Laughlin (1995)

A continuum of ontological assumptions has been identified by Morgan and Smircich (1980, p. 492). That makes it possible to draw a typology table with the aforementioned research models. Some research methodologies are exposed to varying degrees in the paradigms noted above. Moreover, the methodology chosen should reflect, as far as possible, the implicit paradigm assumptions of the research. It should be noted, moreover, that the positivistic research methods require less input from the researcher, while the phenomenological ones leave more room for researcher judgment and added value. In conclusion, there are two extreme research methodologies: on the one side, the positivistic (or quantitative) model and on the other, the phenomenological (interpretative or qualitative) model. Both have their own characteristics and should be used appropriately. Along the research continuum there exists a synthesis of extreme and diverse research methods. The contemporaneous use of combined or mixed research paradigms can be applied for different research problems. One of them is the so-called triangulation method, which makes use of multiple methods to investigate and to cross-examine a problem in question. As Jick argues (1979, p. 602) the triangulation methods "examine the same phenomenon from multiple perspectives but also enrich our understanding by allowing for new or deeper dimensions to emerge". Gronstedt (1996, p. 30) believes that the "triangulation of research method helps the validity and reliability of a research study". In a broader social science, Morgan and Burrell (1979) contributed broad research avenues for empirical research. They identified a continuum of alternative research options from "subjective" to "objective" which are characterized approaches, such as the position on being (ontology), the role of the researcher (human nature), the social perceptions (nature of society), the perceptions on understanding (epistemology) and methods to investigate (methodology). Tomkins and Groves (1983) suggested that researchers avoid scientific /positivistic methods and follow alternative research frameworks in order to investigate social phenomena and in particular accounting and finance issues. Laughlin (1995, pp. 68-70) identifies research paradigms according to three levels of dimensions: "(1) level of prior theorization; (2) level of theoretical nature of the research methods; and (3) level of emphasis given to critique of status quo and need for change (high/ medium/low)". In order to avoid problems inherent in the positivist methodologies, while researching capital markets issues, research paradigms should unravel the market players' real experiences, perceptions and ideas (Parker and Rolley, 1997). Healy and Palepu, (2001), and Core, (2001) provided a synopsis of the empirical research endeavour and literature on disclosure, and in particular on voluntary disclosure and information asymmetry that involve and affect the IR function and programme. Voluntary disclosure and therefore IR decisions and choices affect and are associated with major workings of the capital markets, such as the levels of information asymmetry, quality and credibility of information, agency issues, stock and capital markets transactions, stock ownership, stock option plans and management compensation, stock liquidity and performance, litigation problems, market abuse and free rider issues, equity cost of capital, financial and information intermediaries role and effects and level of regulation, to name a few. In a general financial context, "information and incentive problems impede the efficient allocation of resources in a capital market economy. Disclosure and the institutions created to facilitate credible disclosure between managers and investors play an important role in mitigating these problems" (Healy and Palepu, 2001, p. 407).

7.3 Research framework and design

Research methodology affects to a very great extent the way data is collected and analysed during a research inquiry. Qualitative research methods may shed light on issues of corporate communication. and in particular IR understanding. that incorporates social. corporate and capital market interpersonal and interdependent decisions and actions. The social researcher attempts to use a sample of data in order to illustrate and support more general. theoretical arguments. Also, as Vogt argues (1993. p. 196). the research design must ensure "consistency and rigor throughout the research process in order to provide the most valid findings". In other words, the collection and analysis of data also mould the research method. Strauss and Corbin (1998. p. 3) state that methodology is "a way of thinking about and studying social reality". Furthermore. methods are "a set of procedures and techniques for gathering and analyzing data". Hussey and Hussey (1997, p. 54) defined methodology as "the overall approach to the research process, from the theoretical underpinning to the collection and analysis of data". They also (1997, p. 140) defined paradigms as offering "a framework comprising an accepted set of theories, methods and ways of defining data". Investor relations, similar to accounting and marketing, are not a positive science and practice like physics. They belong to social phenomena and practice that combine many theories. and are interdependent of many disciplines. The research framework used in order to investigate IR-related phenomena and how to balance public and private voluntary disclosure should focus on the inner feelings and perceived opinions of the insiders or the sellers and the buyers of the stocks, as well as any major market players such as the analysts and the media people. The theoretical framework of a research can influence interactively the research methodology. Either the research framework can be theoretical or an empirical framework can also be developed. As Laughlin (1995, pp 63-64) notes, "the developments of financial economics and particularly the generation of the efficient market hypothesis and the opening up of agency theory created demands as well as openings for accounting (and corporate communication) academics sympathetic to the thinking of empirical research". Moreover, since "there are no comprehensible approaches to understanding the empirical world" (Laughlin. 1995. p. 77), it is the author's intention to learn from the research methodology that Marston (1994), Holland (1997) and Barker (1998) have used in order to understand empirically. and to explain theoretically the practical use and value of the IR practitioners and other market players to better comprehend the IR practice and profession and its effectiveness.

7.4 The chosen research methodology

The research methodology that was chosen and used. as well as the rationale for this choice. will be described in the following sections.

7.4.1 Grounded research theory

Grounded theory research methodology is appropriate for use in data collection. analysis of data. development of concepts and relationships. generation of explanatory theoretical framework and an outcome theory. Strauss and Glaser (1967. pp. 22-23) observed that "grounded theory research aims to organize many ideas which have emerged from analysis of the data, through systematic analysis of documents. interview notes, or field notes by continually coding and comparing data to produce a well constructed theory". And "the theory will often be complex, formulated through iterative analysis of data, and through the development of core concepts whose relationships are investigated in order to generate an explanatory theoretical framework which emerges from the data collected" (Strauss, 1987. p. 54). "Data collection. analysis and the resulting theory have a reciprocal relationship" or, in other words, "theory and the data in which that theory is grounded are intrinsically interrelated" (Parker and Rolley. 1997, p. 214). Grounded theory research is primarily hermeneutic and interpretive in sharp contrast with the positivist economic, accounting and finance research, and, as interpretive research, is based on minimal levels of prior theorizing. Thus, with its emphasis on emergence of theory rather than *a priori* preconception (Glaser, 1992), the theoretical assumptions underpinning grounded theory research should be located in Laughlin's (1995, p. 70) "low/low" quadrant, along with pragmatism, symbolic interactionism and ethno methodology. Holland (2001, p. 3) stated that "developing grounded theory involves an iterative reciprocal relationship between data collection, theory and analysis" and emphasizes that "the researcher begins with an area of study, rather than a prior theory" and "the theory arises from the data by employing systematic methods of analysis". And "the researcher begins with an area of study and allows the theory to emerge from the data" (Strauss and Corbin, 1998, p.12). Strauss and Corbin (1998, p. 12) also stated: "a researcher does not begin a project with a preconceived theory in mind". The current research started using as basis questionnaires from previous research such as Marston's but the open ended qualitative discussions and information during the interviews and the additional data collected were massive were enough to yield a grounded theory. As Holland (2005. p. 265) notes "the grounded theory provides a key context for other disclosure research studies and ... especially for continuous corporate disclosure" as exactly the IR function does.

Laughlin indicated (1995, p. 65) that "there is a certain advantage and importance of making deliberate choices on these matters prior to undertaking any study". The methodology allows the researcher to develop a theoretical interpretation of a disclosure or corporate communication activity (phenomenon), while simultaneously grounding such interpretations in empirical data. From the identification by Hussey and Hussey (1997, p. 140) of the main data collection methods, such as "critical incident technique; diaries; focus groups; interviews; observation; protocol analysis; and questionnaires", the one that is more personal and gives the opportunity to be fully explanatory was chosen for this research. In the research, there are some given and fixed issues and practices that are determined by the local psychology, culture, business ethics and practices, the maturity of market players, the stage of the market (i.e. emerging, mature, staple based, industry specific, extroverted, etc.). It was preferable therefore to use a qualitative research procedure, or better, a "nonmathematical process of interpretation, carried out for the purpose of discovering concepts and relationships in raw data and then organizing these into a theoretical explanatory scheme" (Strauss and Corbin, 1998, p. 11). The original structured quantitative data were supplemented by an enormous amount of complicated and overlapping collected interview data that "eventually, (the underlying researcher) realized that certain concepts can be grouped under a more abstract higher order concept, based on its ability to explain what is going on" (Strauss and Corbin, 1998, p.113). The open coding was done by analysing sentences and paragraphs as well as the entire interview "document" for similarities and differences. Proceeding to axial coding by analysing the interviewed data, "the researcher cannot help but notice how concepts relate to each other. In explicating these relationships, the researcher begins to line categories with their subcategories, that is, to notice that these seem to be conditions –these actions/interactions, these consequences" (Strauss and Corbin, 1998, p.135). Finally, moving to selective coding as "the process of integrating and refining categories" the current research followed Strauss and Corbin's recommendation to "be more creative, so to provide our own names for what is going on and then describe our conceptualizations in terms of the particular properties and dimension that were evident in our own data" (1998, p.155).

In summary, all research approaches have strengths and weaknesses but the use of grounded theory is particularly appropriate in developing the theoretical IR framework. This approach motivated the researcher to focus systematically on the detailed description and the properties of the interview data collected before attempting to develop a general theoretical framework. Using grounded theory methodology, this study seeks to offer a theoretical interpretation of the development of strategic IR ideas.

7.4.2 The interviews

The research approach adopted in this research is based on grounded theory methodology (Glaser and Strauss, 1967; Strauss and Corbin, 1998, 1990), which has been widely used in corporate disclosure research (Holland, 1997). The semi-structured interview format was used by other researchers in similar research projects (Marston, 1999; Holland, 1998; Barker, 1998). Such interviews with open-ended questions not only allow the interviewees to express themselves fully and be completely comprehensible, but also free them to be talkative in a framework of issues, themes and questions. Indeed, as Marston states (1999, p.12), semi-structured interviews "afford respondents the freedom to answer questions without restricting their responses, while the use of an interview framework or agenda, may prevent excessive deviation from the research questions and issues". The two qualitative gathering methods were evaluated by researchers such as First (1990) and Weetman (1994), who identified three advantages of interviews, compared with questionnaires: specific and detailed answers by the interviewees, clarity of answers and participation of the interviewer in the soft "cross-examination" process to unravel truthful information and insights. No research has so far been undertaken in Greece in the areas of investor relations and corporate communications. Apart from some event examinations (that were published in the newspapers and presented in conferences) the current project is the first in-depth IR study in the region. An aim of this research study is to examine and evaluate the IR strategies, and their effectiveness, which are employed by the Greek listed companies on the ASE and on other exchanges. In order to evaluate the local IR and corporate communication competence, the research tried to gauge and judge the opinions and perceptions of the different players involved in the Greek financial markets. These perceptions could only be rightly extracted from the Greek executives as well as the analysts and institutional investors during a face-to-face Q&A session based on a set of predetermined questions written in a questionnaire. At the end, the formulated theory on the IR phenomena was validated by comparing it to raw data and by presenting it to interviewees and respondents for their reactions. Therefore, it was followed the recommended by Strauss and Corbin that "a theory that is grounded in data should be recognizable to participants" and in this case it fitted every aspect of their cases (1998, p.161). As in many smaller economies, in Greece most of the listed companies are medium and small capitalization firms where the founder or biggest shareholder is an active top executive such as CEO and BoD chairman, and as a controlling insider prefers and follows discretionary disclosure policies and financial, operational and strategic reporting (Demos, 2003c). The informal corporate communication choice by the insiders directs this research to the use of "qualitative methods that... obtain the intricate details about phenomena such as feelings, thought processes, and emotions that are difficult to extract or learn about through more conventional research methods" (Strauss and Corbin, 1998, p. 11). Similarly, as Godfrey (2001, p. 106) concluded, "as a result of these factors, a quantitative survey was likely to have a poor, unrepresentative and unenlightening response. A positivistic approach, then, would not be appropriate for this kind of study" and therefore "the objectives of the research study and its research problem, then, lent itself to a more qualitative aspect of research methodology". Consequently, taped interviews are preferable in Greece, given the size of the country and that the majority of the headquarters of the listed companies are in the Athens area. In particular, 300 firms out of 360 listed on the ASE have headquarters offices in the greater Athens area, while most of the remaining operate out of Thessalonica, in Northern Greece, and a small number are scattered all over the country. Additionally, interviews seem necessary, because in Greece many people do not respond to questionnaires and therefore, to have access to quality responses, personal interviews were the ideal tool. Although they might be time-consuming elsewhere, in Greece they are preferable and effective. During the pilot study, emphasis was given to the questionnaire and limited time was given to semi-structured interviews, but during the main research study interviews were the main research tool. At the beginning, the research design was to collect empirical data from the three targeted groups, (the senior managers of the listed companies on the ASE, the analysts and the institutional investors-owners,) about their preferences and choices on disclosure issues and investor relations tools and effectiveness, through a combination of interviews and mailed questionnaires. The collected data from the pilot study as well as the first interviews and questionnaires were not comparable. The data from the interviews were richer in content, rigour, style and explanations, while the information gathered from the questionnaires was shorter, non-explanatory, monolectic (i.e. yes, no) and inferior to the same question from the interviews. It was observed that in the questionnaires, people do not reveal "actively and passionately" their thoughts, inner feelings and perspectives. In addition, the element of local culture to feel comfortable and reveal true beliefs and perceptions in a personalized setting (discussion, loose interview) justified this switch. Finally, the researcher's experience from participating in and observing extensively the communication efforts of many listed companies was fundamental and helpful when asking and identifying issues during the interviews, as supported by Holland, who mentions that "the actual observation of the communication process between institutional investors and management would be ideal" (1997, p. 5). Another issue faced was that "researcher's values inevitably affect the interpretation of the findings", as Holland (1998) put it. In the current research, in order to avoid or to minimize bias, all interviews were taped and carefully listened to at least three times during the decoding[13] process in order to comprehend fully and display objectively the interviewees' perspectives. Questions such as what factors influence and determine IR effectiveness, should IR be regulated and if yes what kind of IR activities, how effective are analysts as information intermediaries, what is the value of IR, helped to extract diverse and emotional answers and viewpoints, because answers are mostly qualitative since they include different peoples' experiences, behaviours, feelings, emotions, perspectives, philosophies, and cultures. The interview approach has its limitations but has great advantages, especially for samples that overcome time and space constraints, face cultural homogeneity and idiosyncrasies and acknowledge and involve targeted population and individuals who perceive and act toward their environment based on the quality and strength of motives, needs, attitudes and emotions. Interviews can extricate more easily the views and perceptions of senior managers. They could also allow clarification and simplification of questions and answers through availability of participants and duality of the information process (Marston, 1999; Weetman, 1994). In addition, during interviews "the interviewer does have the opportunity to identify non-verbal clues which are present, for example, in the inflexion of the voice, facial expressions or the clothes that the interviewee is wearing, and these can be used to develop secondary questions" (Easterby-Smith, 1991, p. 173). On the other hand, interviews have some flaws and disadvantages. Time is the most important, since time is the most expensive "item" in the financial markets and probably in life. The interviewer's time to go to the headquarters for the interview, to collect, decode, (in this case) translate and rewrite the data makes this research method the most time-consuming. A secondary but very important handicap is the related possible bias involved, especially when the interviewer, like the author, is a practitioner. Similarly, the interviewer's subjectivity and interpretation of the data during and especially after the interview could affect findings and conclusions. There exist some ways to overcome

[13] Decoding is the process of trying to "read between the lines" and extract and expose the real meaning of the interviewers' sayings and quotes / responses.

these drawbacks: for example, "the adoption of structured interviews and/or the use of an interview agenda" (Marston, 1999) and the use of tape recorders and other "objective mechanical tools". In addition, Patton (2002), Huberman and Miles (1994) as well as Canning and Gwilliam (1999), proposed "grouping together answers from the different interview transcripts per the interview guide and allowing the guide to work as a descriptive framework for analysis". In summary, interviews were chosen as the research method, which helped the researcher, as an experienced IR practitioner, to identify and ask solid, penetrating and motivating questions during the interviews. To minimize bias in the interview questions, a structured format of the questionnaire was also used, and direct and clear answers by the interviewees were pursued. It is acknowledged, however, that the researcher could not be completely independent of the issues examined or researched. For quantitatively measurable IR variables (such as IR effectiveness, increase or decrease of stock price, increase of new shareholders, etc.), it was difficult to establish whether IR are or are not effective, and the question was occasionally subject to interpretation, perspective, even bias, etc. For example, there were cases in which the time element plays an important role in IR effectiveness, especially in the case where the IRO does a good job promoting the company investment story to potential investors, but the effect on the stock price can be observed with a time lag, owing to the time correlation weight of share price-stock promotion relationship.

7.4.3 Previous IR research methodology

The choice of methodology can be viewed in relation to prior research. Verrecchia (2001), Dye (2001) and Lambert (2001) developed taxonomy of the theoretical research approach to disclosure. Marston (1996a) analyzed the significance of the methodology in research essays. She believed that the line that clearly separates and exactly distinguishes the positivist and phenomenological approaches is non-existent, and argued that social science studies draw on both methodologies. Originally, she even used the positivist methodology for her research efforts in the IR area, since she believed (1996a, p. 60) it to be "feasible and appropriate to collect data relating to facts and opinions about IR meetings in an objective manner". She evaluated (1996a) the relative merits of qualitative research methods such as postal and telephone questionnaires, interviews, and observations. The postal questionnaire was selected as her research method for more of her subsequent IR focused research undertakings. The same research method was also employed by Eccles and Mavrinac (1995), Beattie (1999) and by IR institutions such as the National Investor Relations Institute (NIRI) in the USA and the Investor Relations Society (IRS) in the UK to research similar IR and disclosure phenomena. Some researchers have utilized the interview approach in inquiring into IR issues. Weetman (1994) and Holland (1995) used interviews to draw out the perceptions and opinions of analysts and institutional investors about disclosure policies. Weetman (1994) also used structured interviews and documented major advantages for the use of interviews, such as the specificity, the clarity and the insightful and conversation elements of the interview approach. Holland (1995, p. 4) used semi-structured interviews to "allow the participants to interpret and describe the phenomena in their own unique way". In a subsequent essay, he (1998, p. 34) again used semi-structured interviews in which "the participants were asked to talked freely about the questions and to discuss them from their own experiences". Later, Weetman and Beattie (1999) also employed the interview approach in order to obtain insightful views and opinions from market participants on IR issues. Similarly, Marston (1999, p. 3) adopted the interview approach "because this enabled a richer and more complex picture to emerge", although it "cannot capture the real complexity of the situation". In conclusion, the interview approach was used for the current research because of academic, cultural, psychological and country-specific criteria.

7.4.4 Additional data

Additional data gathering methods, as described in (Schwartz and Nandhakumar, 2002; Denzin and Lincoln, 1994; Nandhakumar and Jones, 1997; Silverman, 1997), were also gathered as part of the research. Data such as notes taken during meetings and conference calls, observations from group conferences and analyst presentations, informal discussions with fund managers, analysts, bankers, auditors, senior managers, and even photographs of fund mangers and analysts were collected to deepen intelligence and analysis on the profiles, styles, and attitudes of investors. Since 1994, taking notes, taping conversations, re-listening and analyzing conference calls and grouping communication styles of the different executive personalities have helped the understanding of better corporate disclosure and identification of parameters for an effective corporate communication process. This technique has been used by Holland, who notes: "further data was collected from public and semi-public domain sources. These included public databases or archives of the financial press, company reports, analyst reports, and fund manager marketing material for pension trustees.... This data provided alternative sources of confirmation or contradiction of interview data. Attendance at practitioner events or conferences was another useful way of collecting material not normally available in public domain" (2001, p. 12). The group presentations of Greek listed companies (from different industries, with different liquidity patterns, shareholder structures, capitalization, etc.) to financial centres such as Frankfurt, Milan, Geneva, Paris, Toronto, New York city, Boston, etc. that were organized by the researcher, provided a wealthy pool of IR information and observations. Information and observations of the Greek corporate communication behaviour were also collected through the market cycle from the "exuberant" years of 1999-2000 to the following capital market collapse.

7.5 The thesis research questions

The basic research question of this thesis addresses two intertwined and interrelated issues: that of the Investor Relations perception and the effectiveness of the implemented IR programme by the major local market players - by senior executives of the listed companies at the Athens Stock Exchange (ASE), by sell side analysts and by fund managers. As Holland (1998b, p. 36) states: "understanding how companies and institutions resolve the information asymmetry is important for the efficient allocation of equity capital by fund managers to companies", and he continues: "the answer to these questions will help us understand the effectiveness and the relative importance of the markets for financial reporting and financial analysis and will thereby enable us to address the question whether and how, fund managers' investment decision can be fully informed". Therefore, extending Marston's (1996b, p. 479) research, the author's quest "seeks to establish the causes, nature and effect of company communications" via regulated guideposts, information intermediaries and direct private disclosure. The current study therefore relies on primary data collected from interviewing company representatives (the CFO, the CEO, the IR director) as well as analysts and institutional investors. The semi-structured interviews were based on a standardized questionnaire for each of the three groups, and these were mailed to them almost two weeks before the interviews. The questionnaire was directed to the chairman of the board of directors and, after a telephone follow up and explanation, it was established who from the hierarchy would give the interview. The telephone call was then made to the appropriate executive-potential interviewee and the time and the place of the interview were arranged. At the same time, the chairman was informing him/her about the interview and the existence of the questionnaire as the basis of the subject. The questionnaire consisted of 15 sections (13 for the analysts and institutional investors) and a total of 150 questions (108 for the analyst and the fund managers). The questions covered issues from the three major communication channels (regulated, intermediary and voluntary disclosure) and tried to identify and determine the effectiveness of each company's corporate communication programme and the investor relations objectives. Moreover, the questions focused on the value that IR add to the communication and the relationship of the firms with the financial community. Similar if not the same questions were posed to the fund managers and analysts in order to establish the added value of IR to the valuation chain, their decision making, recommendation and the share purchase. In particular, the sections in the questionnaire had the following titles: Section 1: Organization of the investor relations function; Section 2: International IR aspects and consultation; Section 3: Substitution effects for the IR function; Section 4: Macro aspects of the IR function; Section 5: Executing of the investor relations programme; Section 6: Company meetings with analysts and fund managers; Section 7: Telephone conversations with analysts and fund managers; Section 8: Company feedback on sell-side analysts' reports. Section 9: Mailing information to analysts and fund managers; Section 10: Proactive roadshows (visiting the fund managers) and increasing analyst coverage; Section 11: Email database management and distribution of information; Section 12: Conference calls as a voluntary disclosure medium; Section 13: Disclosure via Internet sites; Section 14: Controlled information; and Section 15: Opinion on your company's relationship with FAs. The focus of the present research is also to examine, describe and prescribe possible discretionary disclosure policies that listed companies use and can utilize in order to obtain their communication and IR goals. The semi-structured interview methodology helped to identify and clarify disclosure and IR issues along with the perceptions and opinions of the market participants. The aforementioned questionnaire sections could be grouped according to the research framework, such as: Group A: IR prerequisites and constraints (Organisation of the IR function). Group B: IR tools (Executing of the IR programme). Group C: Regulated Corporate Disclosure (Macro aspects of the IR function). Group D: Corporate Disclosure via Intermediaries (International IR aspects and consultation; Substitution effects for the IR function; Company feedback on sell-side Analysts' reports; Opinions on company's relationship with Analysts). Group E: Voluntary Corporate Disclosure (Company meetings with Analysts and Fund Managers; Telephone conversation with Analysts and Fund Managers; Mailing information to Analysts and Fund Managers; Proactive roadshows and increasing Analyst coverage; Email data base management and distribution of information; Conference calls as a voluntary disclosure medium; Disclosure via internet sites, Controlled information).

7. 6 Process of the research

The research procedures for each targeted group of data collection. listed companies, analysts and fund managers are described in this section.

7.6.1 Data collection

Primary data were collected using semi-structured interviews with three targeted "information process" participants, over a period of two years (January 2002-December 2004). Before and after the interviews, intelligence and data. such as interviews in the newspapers and magazines, corporate and marketing materials. websites content. conferences, group and company presentations. official fillings, and informal discussions, analysts reports and forecasts, Bloomberg and Reuters content and TV commercial and interviews, were also collected from material in the public information domain for the participating listed companies, analysts and fund managers. All interviews were tape-recorded along with detailed notes of explanations and body language movements and executive attributes. Subsequently, they were carefully transcribed and translated from Greek into English in such a way as not to distort meanings, quotes and sayings. Each interview had a time limitation of 45 minutes but in reality was carried out in an hour and half, simply because the interactive element of the interview motivated both the interviewer and the interviewee to deepen and examine subtly the investor relations and information policies. As mentioned, each interviewee had received the mailed questionnaire at least two weeks before the actual interview and had prepared himself/herself for the issues tackled. Moreover, the structured element of the interviews and the proper preparation by the interviewer made the interview efficient and effective. All the questions were answered during the interviews. Consistent effort, flexibility and tenacity were meticulously followed in order to obtain comparable data. When a "distortion" was discovered during the interview (although this happened mostly during the author's reflection, translation and decoding of the data), an explanatory telephone conversation or a conference took place with the respective interviewee to shed light on the ambiguous point. In addition, the objective was to combine and implement the vital prerequisites for a grounded researcher, as set by Strauss and Corbin (1998, p. 7), "to step back and critically analyze situations, to recognize the tendency toward bias, to think abstractly, to be flexible and open to helpful criticism, to be sensitive to words and actions of respondents and be absorbed and fully devoted to the work process at hand".

7.6.2 Justification and selection of the interviewees

The research sample or target was determined so as to be very representative, across sectors, industries and multiple listing entities. The goal was to cover the major market players as information providers, movers and users. The top managers of the listed companies were selected as information insiders, the analysts as information intermediaries and the fund managers as information users. The largest quoted Greek companies (250) were selected as targets, out of a total number of 360 listed companies. The prime target was the large capitalization firms, where the need for specialized IR services is important and demand driven, and also the dynamic small and medium capitalization firms, which either have global operations or strive to attract foreign institutional investors. In particular, the target was to interview top executives from the companies that belong to one of the three FTSE/ASE indices: the FTSE-ASE 20 which consists of the 20 largest capitalization stocks; the FTSE-ASE 40 which consists of 40 medium size capitalization stocks, and the FTSE-ASE 80 which consists of 80 small size capitalization stocks. There are two more important indices: the oldest one, the ASE General Index, which consists of 80 stocks, and the MSCI Greece with 20 stocks. All five include the most important companies as a result of overlapping. In terms of top management, the research extracted the opinions of 14 Boards of Directors Chairmen, 11 CEOs, 15 CFOs and 36 IROs on the importance of their company's information, the dynamics of their communication process, the responsibility of the investor relations function and minor issues such the methods of communication and presentation, the depth of information, the frequency and the incentives of disclosure, the multiple listings, etc. Barker had researched executives in the UK and noted that "CEOs are themselves taking responsibility for an investor relations process that aims to ensure that the city understands the company and that it has the information with which to make a reasoned assessment of market values" (1998, p. 39) and concluded that "financial reporting is primarily concerned with the communication of information relevant to the valuation of shares" (1998, p. 6). All major analysts were targeted and 45 were selected who analyse and publish research on Greek stocks and work for either the local brokers or the global banks out of London. Two local analysts were independent researchers. All, except one, were interviewed, and they revealed their perceptions and evaluated the capability of their companies' investor relations programme. Marston (1996b; 1994) has also researched the disclosure of information via the analysts. She examined "the superior access to company personnel that analysts appear to enjoy". She added: "all users have access to published information such as the annual report. Analysts, however, maintain informal contacts with companies, which may serve as a route for additional information disclosure". Semi-structured interviews were conducted with 44 domestic and international fund managers, who invest or have invested in Greece. The targeted population was 60 fund managers, but 14 local and 2 global FMs were not available for the interview; however, they offered to complete the questionnaire and mail it back. For the sake of homogeneity of the collected data, these questionnaires were excluded from the research. Consequently, the application of a soft "interrogation process" through interviews to a sizeable sample endorsed the extraction of perceptions, communication policies and effectiveness of investor relations tools and programmes.

a Senior management of listed companies

Analytically, the top management of 250 listed Greek companies were targeted, representing the majority (69%) of the population of the Athenian quoted firms. The preconception was that the ultimate target sample was the 140 firms that belong to the three main international FTSE/ASE indices. Indeed, there are small capitalization firms (less than 50 million Euros), that appreciate and implement IR policies proactively, and they have much to say on these issues. Nevertheless, as Godfrey Andrew (2001, p. 60) states, for Australia and New Zealand, the Greek listings also "comprise a small number of large companies and a much larger number of smaller companies". The stratification approach followed was consistent with the research method employed by Marston (1999) and Holland (1997) in their IR studies for the UK market. Therefore, the target was to interview executives from companies that appreciated the need for specialized IR services. First the large capitalization firms were chosen, since research has indicated that the propensity to disclose information voluntarily is positively related to firm size (Marston, 1997). The top executives from the companies that belong to one of the three FTSE/ASE indices, (FTSE/ASE 20-40-80, or in total FTSE/ASE 140) were interviewed. The indices FTSE/ASE 20-40-80 were established in 1988 and were the result of cooperation between the LSE and the ASE. In addition, an appropriate industry representation was also obtained. Therefore, companies from industries such as retailing, tourism, information technology, manufacturing, financial services, transport, utilities, fast moving consumer goods, property and primary resources were targeted and included in the sample. As a result, the research method applied in the current study was closer to that of Marston (1997a, 1997b) than that of Holland (1997). Generally, the market capitalization characteristics of the Greek stock market in 2003 are summarized below. It is worth noting that 88.1 percent of the companies represented only 9.5 percent of the market capitalization. Conversely, 90.5 percent of the market capitalization was represented by 11.9 percent of the companies. A selection of companies based on market capitalization would present a weak picture of the IR activities, as Holland (1997) noted, of the majority of Greek listed companies. However, a selection based on the number of listed companies would inadequately reflect the much higher level of the significant IR activity of the larger companies. The objective of the study was to provide an exploratory and balanced view of IR activity in Greece.

Table 7.2: Greek Market Capitalization. (2003).

Market Capitalization	Number of Companies (% of Total)	Percentage of Total Market Capitalization
Less than 100m	277 (76.9%)	4.3%
100m to 200m	40 (11.2%)	5.2%
200m to 1bn	31 (8.6%)	29.1%
Over 1bn	12 (3.3%)	61.4%
Totals	360 (100%)	100%

Consequently, an approach similar to that of Marston (1999) was adopted. Data was collected from 76 Athenian listed companies, stratified by market capitalization. It was felt that this number and the method of selection would provide the valid data on an exploratory basis for the theoretical sampling and generalisability required of a qualitative approach, as identified in the introduction of this section (Silverman, 2000; Hussey and Hussey, 1997; Yin, 1994). Theoretical sampling means "selecting groups or categories to study on the basis of their relevance to your research questions, your theoretical position...and most importantly the explanation or account which you are developing. Theoretical sampling is concerned with constructing a sample...which is meaningful theoretically, because it builds in certain characteristics or criteria which help to develop and test your theory and explanation" (Mason, 1996, pp. 93-94). A letter by the president of the Athens Stock Exchange (see appendix), an explanatory letter and the questionnaire were mailed to the companies as well as the analysts and the fund managers. The introductory letter by Professor Alexakis, the president of the ASE, gave the research an authoritative image and sponsorship leverage in order to attract attention and motivate participation by the highest and appropriate level of the management team. The letter was addressed to the chairman of the BoD in each company and then directed to the appropriate person qualified to deal and discuss IR-related issues. The existing good and personal relationships among market players in this small financial market and community (everybody knows everyone) were disregarded and avoided since the objective was to focus professionally on the interviews and their content. For instance, during each interview, the first thing to do was to put a watch in front of the interviewer and the interviewee(s) in order to indicate to them the seriousness of the process and the goal and effort desired to extract qualitative and homogeneous research data.

b Information intermediaries: Analysts

The second targeted group that of the analysts as information intermediaries, was easier to deal with because of the limited number of analysts and their willingness to participate in the research. Marston (1999) interviewed company executives to obtain the perspective of the insiders, and balanced her research with interviews from the financial community, in particular brokers' analysts and institutional investors. She believed, like Godfrey (2001) and Weetman (1994), that the matching of the participant was an important part of the research design. In addition, Mozier and Arnold (1984) and Weetman (1994) proposed the "examination" of these two important market players (analysts and fund managers) in order to extract sufficient data and responses for comparison, confirmation, explanation and repetition of collected information and data. The current research focused again on interviewing 45 financial analysts, who supplied broad insights and evaluated the existing IR programmes and practice of small and big corporations; they also identified and suggested their strong expectations of the IROs and consequently their companies. To have a rounded view of the companies' IR practices and disclosure policies, all analysts knew the Greek market well and wrote annual, semi-annual and quarterly coverage reports and comments on their daily bulletins. Out of the targeted 35 local analysts, 7 held the CFA certification and the remaining 28 have been certified by the CMC as analysts. The CFA certification is well known internationally, while the local certification by the Greek SEC was initiated in 2001. Four (4) analysts held a PhD while 24 held Masters Degrees (MBA and MA), mostly from English speaking universities and specifically from UK institutions of higher learning. Ten (10) global analysts based in London were also targeted. The selection criterion was their relationship with the Greek market and its listed firms. Since they have covered Greek stocks, their knowledge of the local capital market was at least satisfactory. Furthermore, these analysts, along with the respective investment banking departments from their bank, have been participating in all major global offerings of the Athenian equities and the dual listings on the LSE and on the American exchanges. Many researchers recognize and identify other important market intermediary players, such as the media, the financial journalists, the auditors, the investment consultants, the financial advisers, the brokers and others. None of these groups was targeted in this report, but a brief identification and their importance in the communication process are given. The media people, especially the financial journalists in Greece, play a strategic and tactical role in the communication of information by creating disclosure problems, caused mainly by the information "noise" they generate in the market (Ioannou, 2004; Konstantinidis, 2003). They also increase information transaction costs (companies spend more time and money to explain again and again what they meant in the first place) not only for the listed companies but also for the regulatory authorities (who take the time to ask and comprehend why vital company information is not supplied, why it appears only on the newspapers, or why misleading information exists). Media people are not regulated or even slightly controlled (no credentials and formal education are required for a journalist) and actually no regulatory body is responsible for what they write and say (Demos, 2003d; Stergiou, 2002a). Future research will be ideal in this area since this group heavily influences the implementation of the IR programme and creates a lot of "information crisis" to the listed firms. Further research is also required for the auditors, who continuously play a bigger role in corporate disclosure, since from 2004 and 2005 the listed companies are obliged to report their accounts according to Greek GAAP and IFRS (IAS). The investment consultants or advisers comprise a group that is highly regulated in Greece, but in recent years their association has had fewer and fewer members (Economicos, 2002). Similarly, the brokers (local and global) comprise an intermediary body that heavily affects the corporate information process, and their influence should be researched extensively.

c End Users: Institutional Investors

Semi-structured interviews were conducted with 44 domestic and international fund managers, who invest or have invested in Greece. The targeted population was 60 fund managers and 73% of these were interviewed. Because of their proximity to and knowledge of the firms, the local institutional investors are the main institutional buyers of the smaller capitalization companies, those for which the foreign and global fund managers, because of the costs associated with small investment and limited share liquidity, among other factors, do not take the time even to analyze. Therefore, 40 local fund managers were targeted in order to capture their opinion of not only the big listed corporations but also the smaller ones. Similarly, 20 globally based fund managers who knew the Greek market, either as an emerging or mature market, and have put money in the ASE stocks were targeted. In conclusion, by examining the aforementioned three groups, a balanced view of the overall market perception of the IR activities was obtained along the lines of the findings of Marston (1999) and Holland (1997).

7.6.3 The Interview process

Before the interview, participants had completed the questionnaire and had a very good idea about the issues covered. A period of at least two weeks was allowed between sending the questionnaire and the interview date. All interviews were completed over almost a one year period. 57% of the interviews were completed and conducted with one participant, and the remainder was joint interviews, mostly with two participants with the listed companies. Similarly, 39% of the interviews with the information intermediaries were completed and conducted with one analyst, and the majority of the interviews were conducted with the director of research and an industry or country analyst. Lastly, 43% of the interviews with the end users were conducted with one fund manager and the rest were completed with two institutional investors. Other practical issues in terms of the interviews were dealt with satisfactorily. For instance, ethical concerns, such as those suggested by Hussey and Hussey (1999, pp. 37-38), including confidentiality, anonymity, inside information, informed consent, objectivity, impartiality, and unbiased conclusions, were covered partly from the good reputation of the researcher in the Greek capital market setting and partly from the promise that was given to the interviewees in the cover letter. Before the interview, the following had to be done: (Mail the questionnaire; Call to locate the interviewee; Call to secure and confirm the appointment). At the beginning of the interview, the following process had to be undertaken: (Thank the participants for their time and commitment; Explain the goals of the research; Promise confidentiality and anonymity; Promise secure storage of gathered (soft) data; Promise generalization of published data and findings; Promise defined time span of the interview (1 hour); Promise to send to them a summary of the findings; Ask permission to tape the interviews; Ask permission to interrupt and discuss, clarify issues; Ask permission to trouble them later if needed via email or fixed line or cell phone; Avoid spill over to non related and not targeted issues. After the interview, the following had to be done: (Listen, try to comprehend fully and decode the taped interview; Compare the data from the tapes with the notes taken; Send a 'thank you' letter to the interviewees).

7.6.4 Data analysis

Following the collection of data, the subsequent effort was to organize, classify, code and recode, and then analyze the gathered data. The open coding process proposed by Strauss and Corbin (1998, pp. 101-121) was adopted in the analysis of the translated (into English) mass of data collected from 164 interviews. Accordingly, concepts, ideas and notes were identified based on properties, dimensions and characteristics. They were then organized into categories and subcategories that helped to classify and conceptually order the IR issues and phenomena. This process of data collection, coding, analysis and conceptual ordering, was iterative (Holland, 2001, p. 7). The iteration among all aforementioned variables ended when a satisfactory and perhaps explanatory number of subcategories and categories were determined (Schwarz and Nanhakumar, 2002). Questions like those posited by the author in his research study "should also be posed during the data collection and reflection stages to ensure that data collection, analysis and concept forming activities are reciprocal and iterative rather than sequential" (Holland, 2001, p. 10). In fact, as stated by Strauss and Corbin (1998, p. 20) "conceptual ordering as a type of analysis is a precursor to theorizing". Therefore having primary data from three groups can provide an in-depth view, but a lot of time is required to analyze it. Indeed, listening, translating, converting voice to writing out the notes taken during the respective interview provided a large amount of interview data. Trying to implement the iterative seven-stage approach proposed by Easterby-Smith, Thorpe and Lowe, (1991), and Holland, (2001), that is case familiarization, reflection on the contents, conceptualization, cataloguing of concepts, recoding, linking and re-evaluation, was a Herculean task, especially for the first time. Nevertheless, satisfactory help was gained by the partial or full understanding of similar data analysis approaches, such as the matching data approach proposed by Yin (1994), as well as the three-step approach adopted by Boulton and Hammersley (1996) - identify significant data, categorise or code it, compare and contrast the data of each category- and the grouping of categories of gathered data employed by Tashakkori and Teddlie (1998). Similarly, as Godfrey Andrew (2001) states, establishing the categories could be deductive or inductive. Indeed, Huberman and Miles (1994, p. 431) argue that "qualitative studies ultimately aim to describe and explain a pattern of relationships, which can be done only with a set of conceptually specified analytical categories. Starting with them (deductively) or getting to them gradually (deductively) are both legitimate and useful paths".

7.7 Assumptions and interview limitations

As mentioned earlier, during each interview, objectivity was a major concern owing to the author's experience, IR practice and knowledge of many companies and executives (because of the size of the market and lengthy involvement). Going to the interviews without any predetermined notions and results on issues, situations and people was constantly a challenge. A further challenge was that the interviewees were asked and encouraged to express themselves freely on the subjects of the company disclosure, the value of the IR, the need for regulation, the implementation of corporate governance principles and the role of the founder and the top management.

7.8 Limitations of the scope of the research study

By accepting IR as a strategic function of the company and employing the merits and methodology of the grounded research, the direct "observation" to identify and decode the market participants' perceptions and opinions of the value of the IR activities were the aims in this research. In the financial and capital markets setting, corporate disclosure can take multiple and diverse forms. If investor relations operate in a non-regulated information environment then it could be left to the discretionary power and action of the top managers. In other words, it is the responsibility of the insiders to disclose and use one or the other IR tool to communicate the company's information to the interested parties and to the whole market. Mostly, these voluntary - especially the informal - IR tools were examined in this research endeavour. The companies' communication through intermediary analysts, as a discretionary mode, was also analyzed. But there exists a fertile research ground in terms of the other intermediaries, such as the financial journalists, the investment advisers, the brokers, the auditors, the bankers, the rating agencies that need to be addressed and examined. In the underlying research - and especially for the Greek market - the media people and the financial journalists play a major role in the communication of corporate information. However, they were excluded owing to the large number of journalists and sometimes their ignorance of the investor relations functions and activities. Finally, a reference was made to the regulated corporate disclosure, which has been increasing lately. But IR is an interdisciplinary profession and practice that cannot be "controlled" by corporate governance principles and directives. In sharp contrast, many IR practitioners ask if regulation has crossed the line and become unproductive (Stone, 2005). Nevertheless, this research study tries to synthesize the observations and opinions of the interviewees in order to build an IR practical model that measures IR strategy formulation and implementation effectiveness.

7. 9 Summary

This chapter has described the methodology and research design of the study. It has also justified the research framework and interview method as well as the targeted groups. Data was collected via semi-structured interviews from top executives, financial analysts and fund managers in order to gauge their perceptions of the IR issues. The research began studying the IR area and allowed the theory to emerge from the interview collected data. The following three chapters will present and analyze the data.

Chapter 8.0 Data Analysis and Findings

8.1 Introduction

The following chapter contains an analysis of the data collected. The chapter contains a description of the views of the three major targeted groups of this research: the top executives, the analysts and the fund managers, in terms of their companies' corporate communication and investor relations activities. An attempt will be made to make known the interviewees' representative opinions and perceptions, while taking care that the average representation does not eliminate diversity and sound perceptions.

In the subsequent chapters (9 and 10), an attempt will be made to synthesize the opinions presented in the data analysis chapter.

Table 8.1: Response rates to the Interviews: Top Management.

RESPONSE RATES TO THE SEMI-STRUCTURED INTERVIEWS and QUESTIONNAIRES											
Response	Initial mailing		Interviews			Success Rate			FTSE/ASE Index Listed		
		% of		% of	% of		% of	% of	Index	No of	%
	No.	total	No.	total	Initial	No.	total	Initial	Listed Firms	Firms	of FTSE
Top Management											
Chairman of the BoD			14	8.5%					FTSE/ASE 20	16	80%
CEO			11	6.8%					FTSE/ASE 40	25	63%
CFO			15	9.2%					FTSE/ASE 80	35	44%
IRO			36	21.9%					Other	0	0
Subtotal	250	70.5%	76	46.4%	30.4%	76	46.4%	30.4%	Subtotal	76	54.3%
Research Total	355	100%	164	100%		164	100%	46.2%			

As the table 8.1 indicates, the top managers of the larger, more aggressive and saleable Greek listed firms that comprise the FTSE/ASE 140 Index[14] were interviewed. This index is the one upon which most, if not all, of the market players focus, analyze and trade. Nevertheless, the larger companies responded faster and in detail and those that declined to participate in this research were, at that time, organizing their IR department. As mentioned, the interviewer asked the questions in the order set in the questionnaire; they were answered, while an effort was made to be concise, specific and indicative since the material gathered was vast.

Table 8.2: Response rates to the Interviews: Analysts

RESPONSE RATES TO THE SEMI-STRUCTURED INTERVIEWS and QUESTIONNAIRES											
Response	Initial mailing		Interviews			Success Rate			FTSE/ASE Index Listed		
		% of		% of	% of		% of	% of	Index	No of	%
	No.	total	No.	total	Initial	No.	total	Initial	Listed Firms	Firms	of FTSE
Analysts											
Locals	35	9.8%	34	20.7%	97.1%						
London based	10	2.8%	10	6.1%	100%						
Subtotal	45	12.6%	44	26.8%	97.8%	44	26.8%	97.8%			
Research Total	355	100%	164	100%		164	100%	46.2%			

The analysis of the data collected continues with the opinions and perceptions of the intermediate market players. Specifically, this chapter will also reveal the views of the

[14] It consists of the firms in the FTSE/ASE 20, 40, and 80.

interviewed analysts in terms of the corporate communication and investor relations activities of the Greek listed companies. As the table 8.2 indicates, 44 analysts in total were interviewed. 34 of them were based in Athens and the remaining 10 were working out of London. The research also focused on the perceptions and opinions of the institutional investors, who are the information end users as well as the ultimate targets of the IR programme and activities. As the table 8.3 below indicates, 26 Greek fund managers and 18 London-based ones were interviewed and in total an equal sample (44 interviews) was used with the analysts.

Table 8.3: Response rates to the Interviews: Fund Managers

RESPONSE RATES TO THE SEMI-STRUCTURED INTERVIEWS and QUESTIONNAIRES											
Response	Initial mailing		Interviews			Success Rate			FTSE/ASE Index Listed		
	No.	% of total	No.	% of total	% of Initial	No.	% of total	% of Initial	Index Listed Firms	No of Firms	% of FTSE
Fund Managers											
Locals	*40*	*11.3%*	26	15.9%	65%						
London based	*20*	*5.6%*	18	10.9%	90%						
Subtotal	**60**	16.9%	***44***	26.8%	73.3%	***44***	*26.8%*	73.3%			
Research Total	**355**	100%	**164**	100%		**164**	100%	46.2%			

In summary, this chapter proceeds with the comparative analysis by comparing similar IR issues, events, subjects, actions and interactions and looking for similarities, differences, opposites and extremes to bring about significant IR properties and classify them. It synthesizes the collection of the perceptions and opinions of three major groups on the communication of information: the listed companies' executives, the analysts and the fund managers. In the following subsections: a) refers to the questions and answers by the listed companies' top management; b) refers to the questions and answers by the analysts; and c) refers to the questions and answers by the fund managers.

Question 8.1.0 - Organization of the IR function

The following subsections (questions and answers) describe first how the top executives interviewed have organized the IR function, how this activity is perceived by them and how important they consider it to be. The following subsections also describe how the interviewed analysts communicate with the listed companies and especially their IR departments, and how the IR activity is perceived by them in terms of importance, efficiency and effectiveness of communicating the company's information. Finally, the subsections (questions and answers) describe how the local and global fund managers interviewed view the organization and operation of the IR departments in the Greek listed companies.

1.1 Number of professionals

a) Top Management: Please state the number of directors (including the chairman) in your company.

All companies participating in the research had a Chairman of the Board of Directors, a CEO, a CFO and an IRO. Additionally, most of the interviewees indicated that their companies had more than ten top executives and non-executive directors.

Please indicate the number of staff working for the investor relations / financial public relations officer (including clerical and secretarial assistants).

The bigger companies have bigger budgets and use more people (2-5 on average) for their IR needs. Similarly, the number of dedicated IR people diminishes as the companies become smaller: (1-3) for medium size firms and (1-2) for the smaller stocks.

Is these staff dedicated to investor relations / finance public relations work or do they perform other duties?

Not all of the aforementioned people are dedicated to the IR office work exclusively for the IR programme and objectives. In the large capitalization firms, 75% of the IR personnel are fully dedicated to the IR activities and only one out of four persons on average is involved in other activities, whereas almost half (48%) of the people at the medium size companies occupy themselves with non-IR jobs. Finally 60% of the smaller firms do something more than IR related jobs, which means that even the designated IRO is involved in activities other than IR (i.e. work for the marketing department, auditing, etc).

b) Analysts: Please state the number of analysts in your company.

It emerges that the Greek analysts and the London-based ones who cover the Greek stocks are keen to know about and highly interested in the disclosure procedures that their "clients" apply and implement on the communication front. After the "exuberant years" of 1999 and 2000, the industry of analysts in Greece and partly in London has shrunk to half its size (Vergos, 2004; Demos, 2003a). Therefore, the average number of analysts locally is very small. In terms of their official qualification, some are qualified by the Greek SEC (CMC) and some hold the CFA diploma (Vergos, 2004; Kotsis, 2004). In addition, each research department has the support of 3 people. The London analysts interviewed were either country specific analysts or industry analysts.

Please indicate the number of staff working for the investor relations.

When the interviewees were asked if they could indicate on average how many people work in the IR departments, the local analysts estimated that one person (6%), two persons (6%), three people (29%), more than 3 persons (35%), and 24% of the analysts could not estimate this at all. The global analysts answered that two persons do the IR job (10%). three people (30%). more than 3 persons (50%) and 10% do not know.

Table 8.4: Analysts' opinion on the average working people at the IR office

Average IR people	Local CFAs (%)	London CFAs (%)
One person	6	10
Two people	6	30
Three people	29	50
More than 3 people	35	10
Not known	24	-
Other	-	

Is these staff dedicated to investor relations / finance public relations work or do they perform other duties?

Moreover, 70% of the local sell side analysts as well as of the London-based ones indicated that they consider and believe that *"the people, out of the IR departments, work full time for the IR function and are fully dedicated to the activity of corporate information"*, as one director of research put it.

c) Fund Managers: Please state the number of executives in your (fund management) company

On average, every office of local fund managers has 11 employees, while the average number in the London-based investment houses rises to 95 professional staff.

Please indicate the number of staff working for the investor relations.

31% and 16% of the FMs respectively indicated one person working at the IR office, 54% and 67% said two people, 8% and 16% answered 3 people and only 8% of the local FMs indicated that more than 3 persons work at the IR office. Moreover, *"It depends on the size of the company,"* one fund manager concluded.

Is these staff dedicated to investor relations / finance public relations work or do they perform other duties?

In addition, 69% and 83% respectively indicated that the people in the IR office are fully dedicated to the IR function and they do not perform other activities in the company.

1.2 Involvement / Communication with the IR

a) Top Management: Please specify how many of the directors are involved to some extent in managing and / or executing the investor relations function.

The vast majority of the top executives interviewed indicated that they are involved with the IR function, even if only marginally. Specifically, 68%, 72% and 85% (11/16, 18/25 and 30/35) of the top management in the large, medium and small capitalization firms respectively do participate in the corporate communication process and the IR activities. In particular, in the small capitalization category, the managers, who are simultaneously the owners, or who have a direct relationship with the founders and major shareholders, are extremely interested in the corporate communications process. Most of the companies assign a leading communication role to the CFO, since historically communication referred to the disclosure of the financial results. The following comment by a CEO defines the practice: *"The CFO is partially executing IR, gradually relinquishing it to the IR office which was set up last September."*

To what extent are the members of your company's directorate involved in managing and/or executing the investor relations function?

The BoD Chairman, the CEO and the CFO of all three interviewed groups are involved with the IR function. The top managers of the smaller capitalization companies (71%, 100% and 100% respectively) that have simpler organizational structures indicated more commitment and time devoted to the IR issues. The need for more visibility and refinement of owners' image motivate managers to "take care" of this sensitive function. One Chairman and major shareholder mentioned: "One of the executive directors is in charge of the Investor Relations Unit and he is heavily involved with it". The top managers of the bigger capitalization companies that have better organized IR departments (with more people) spend less management time on this activity. The large capitalization managers in particular reach 38%, 63% and 88% involvement respectively by the BoD Chairman, the CEO and the CFO.

Can you provide an estimate of the number of working days in a year that the Directors devote to IR?

FTSE 20 managers (Chairman of the BoD, CEO and CFO) devote less than a month per year to IR, FTSE 40 executives just more than a month, while FTSE 80 managers more than 2 months. Specifically, the BoD Chairman, the CEO and the CFO of the lager capitalization firms devote 20, 25 and 35 days per year respectively. The BoD Chairman, the CEO and the CFO of the medium capitalization firms devote 40, 40 and 55 days per year respectively, and the BoD Chairman, the CEO and the CFO of the small capitalization firms devote 70, 65 and 60 days per year respectively. The smaller the company, the more involvement of the top executives takes place.

b) Analysts: Please specify if you communicate with the top management of the listed companies.

The interviews with the analysts show that the analysts had a direct line of communication with the top management. The following comments illustrate this point:

"Yes we do. We try to contact the top management of listed companies as often as possible. We consider it vital for our work" and *"Yes, on a monthly basis at least."*

With whom of the top management you have frequent contact?

Table 8.5: Analysts' communication with the top management

	Local CFAs (%)				London CFAs (%)			
	1*	2*	3*	4*	1*	2*	3*	4*
BoD Chairman	6	9	44	44	-	-	30	70
CEO	-	3	53	44	-	-	-	100
CFO	-	-	27	73	-	-	-	100
IRO	-	-	6	94	-	-	-	100
IR analyst	-	-	29	71	-	-	10	90

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

The absolute majority of the local analysts indicated that they have frequent contact with the Chairman of the BoD, CEO, CFO, IRO, even the IR analyst (where he/she exists), 88%, 97%, 100%, 100% and 100% respectively, and the same applies to the London-based analysts who cover Greek companies, who speak to the hierarchy of the companies at a mode of 100% (Table 8.5). Even so *"culturally and even habitually the top management of the Greek companies have its doors continuously open to us"*, one analyst said.

Please specify if you know the IRO in person.

For the analysts, the IRO is the official company spokesperson and the person who always willing to help and inform. All analysts are in touch continuously and they know him/her personally.

Please specify the issues you discuss with the IRO?

Table 8.6: Analysts' discussions with the IROs on Strategy and Finance

	Local CFAs (%)				London CFAs (%)			
	1*	2*	3*	4*	1*	2*	3*	4*
Strategy	9	9	29	53	-	-	-	100
Finance	3	6	9	85	-	-	-	100

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

The IRO analyses to the local analysts the issues related to the strategy of the company very well (53%), with a satisfactory level (29%) and not so well or even lower than expected (18%). In sharp contrast, London-based CFAs are highly satisfied with the strategic analysis by the IROs, but the local analysts are better satisfied with the answers given by the IROs in terms of explaining the finances of their companies; some are simply satisfied (9%) and another 9% are looking to other sources or people for explanations. In terms of finances, the global analysts again declare complete satisfaction (100%) with the services of the IROs.

How many days per year do you or your associates talk with the IR office of the targeted listed firms?

In terms of time spent with the companies, or, better, the IR officer of the listed companies, the local analysts said that they devote 50 days annually (41%), 30 days (53%) and 10 days (6%), while the global analysts indicated that they spend 30 days per year (40%) and 10 days (60%).

What kind of (communication) relationship exists?

When identifying the communication pattern that exists between the IROs and analysts, it was observed that the majority talk in person (82% for local analysts) and (80% for the global ones). Similarly, 88% of locals and 90% of global CFAs use the telephone, 94% and 100% respectively use the e-mail and 53% and 70% choose the traditional mail.

Do you communicate with other company departments (i.e. the shareholder registry, accounting, etc.)?

Analysts (both local and global) also indicated that they communicate with other departments in the companies, such as shareholder registry, accounting, etc.: 47% and 10% respectively. The IROs introduce the analysts to the registry in order to obtain information on behalf of their clients. They do the same for the accounting department in order for the analysts to obtain detailed information and explanations about accounting policies. However, this accessibility creates problems, since most of the CFOs discourage or prohibit the IROs from opening the doors to the accountants.

c) Fund Managers: Please specify if you communicate with the top management of the listed companies.

85% of the local fund managers (LFMs) and 100% of the global ones (GFMs) do communicate directly with the top management of the listed companies. A typical comment was as follows: "*Periodically but not systematically. We communicate for questions or explanations concerning specific developments in the company.*"

With whom among the top management do you have frequent contact?

Table 8.7: Fund managers' communication with the top management

Company Executives	Local FMs (%)	London FMs (%)
BoD Chairman	50	33
CEO	77	44
CFO	88	44
IRO	100	44

As table 8.7 shows, the Athens-based money managers communicate frequently: 50% with the Chairman of the BoD, 77% with the CEO, 88% with the CFO and 100% with the IRO. The London-based institutional money managers speak to the Chairman, CEO, CFO and IRO (33%, 44%, 44% and 44%) respectively.

Please specify if you know the IRO in person.

69% of the local and 100% of the global FMs said that they know and speak to the IRO personally.

Please specify the issues you discuss with the IRO?

Concerning the issues they discuss with the IRO, 88% of the local FMs and 39% of the global ones discuss strategic issues, while 92% and 44% respectively talk about financial issues.

How many days per year do you or your associates talk with the IR office of the targeted listed firms.

31% of the local FMs declared that they talk to the IR office of the targeted listed company 50 days per year, 46% and 33% of the local and global FMs talk to the companies 30 days per year on average, and 23% and 67% respectively talk around 10 days per year. *"It depends on the company. Usually 1 to 5 times,"* a local FM stated. Another said: *"It depends on the IR department. We communicate with a good IR department 1 to 3 times a week".*

What kind of relationship exists between IROs and FMs?

When establishing the type of relationship that exists between IROs and FMs, 46% of the local and 78% of the global managers interviewed said that they do have a personal relationship with the IROs of the listed companies they invest in, while 69% and 100% respectively have frequent telephone contact. 77% and 100% do communicate with the IROs via e-mail. Finally, 92% and 100% communicate with the companies via postal mail.

Table 8.8: Fund managers' communication patterns with the companies

Communication Pattern	Local FMs (%)	Global FMs (%)
Personal	46	78
Telephone	69	100
Email	100	100
Mail	92	100
Other	-	-

Do you communicate with other company departments (i.e. the shareholder registry, accounting, etc.)?

Only 38% and 11% of the local and global FMs indicated that they do communicate with other departments of the companies (i.e. registry. accounting. etc.) in addition to the IR.

1.3 Position of the IR

a) Top Management: Does your company have a designated investor relations / financial PR officer

12 of the big capitalization companies interviewed (out of 16) have an IRO (75%). while 17 (out of 25) medium capitalization firms (68%) and 22 (out of 35) smaller ones (63%) have chosen and can afford to have a designated IR person. While more than 60% of the Greek listed entities use an IRO, many executives raised the issues of the quality of the IRO. The following comment by a CEO was often pointed out: *"The question exists: are there enough qualified IR professionals to service/serve the market or, as they say, to match the demand".*

Please state the job title if the answer to the above question was 'Yes'; to whom does the designated investor relations officer report?

Of the FTSE 20 companies, 25% of the IRO report to the Chairman of the BoD. 75% report to the CFO and nobody to the CEO. As a CEO indicated: *"We consider the IR function as a strategic one, and as such we chose the IRO to report to our chairman".* At the FTSE 40 level, conversely 48% report to the CEO. while 20% speak to the CFO and approximately 32% report to the Chairman of the BoD. As noted before, in Greece the position of the Chairman of the Board and the CEO coincide in 9 out of 20 companies (large cap, FTSE-20), 35 in the 40 companies of FTSE-40, and 62 in the FTSE- 80 (Demos, 2003c). Finally, for the small cap listed, again a heterogeneous pattern is observed, where 43% report to the Chairman, 14% to the CEO and 43% to the CFO. As mentioned, since in 8 out of 10 small companies the CEO and the Chairman of the BoD is the same person, this reality might distort the analysis. As mentioned by an IRO: *"The founder of the business still keeps the CEO position, because he does not trust his offspring".* Another IRO: *"Our company has a problem of succession when our Chairman and CEO faces the dilemma of transferring power to someone else from outside, since he has no kids and heavily distrusts his nephew".*

Please indicate the position of the investor function within your organization.

With reference to the organizational structure and location of the IR department. it was found that more than half of the large and medium size companies have a separate IR department (63% and 52% respectively). while only 26% of the small capitalization firms use a separate IR office. Similarly. 13%, 28% and 23% of the IR people (of FTSE

20, 40 and 80 companies respectively) operate out of the CFO's office, while 6%, 12% and 40% of the IR activity is done through the "registry" (metochologio in Greek) office. *"Most of the time, one individual serves both functions (the IR and registry-metochologio)"*, a CFO indicated. Lastly, in 19% of large caps the IR function is carried out by people with no central unit or department. The percentages for medium and small caps are similar: only 8% of the interviewed people.

Please indicate if your company has a separate IR department that is not the same as the Office for Shareholders (Registry or Metochologio), and how they cooperate.

When it comes to the issue of IR vs. the registry office (metochologio), all participants (100%) from the FTSE 20 companies answered that their companies operate separate IR and registry departments, while half of the FTSE 40 (52%) companies do the same and only 31% out of the 80 small cap companies have separated the two functions. It is a confusing issue in the Greek capital market, since the local SEC (CMC) officially recommended that the person responsible for the voluntary disclosure be the "corporate communication officer" without mentioning the Investor Relations Officer (Dimitriou, 2004). As an IRO pinpointed, this confusion is pointless since: *"The Office for Shareholders has to do with logistical procedures regarding the shareholders (i.e. transfer of shares, death of shareholders, etc.). The IR department is concerned with the information flow, newspapers, Internet and information to institutional money managers."*

Does the office for the (retail) shareholders (Metochologio) complement the IR function?

The majority of the interviewees (100%, 80% and 86% of the FTSE 20, 40 and 80 respectively) clearly indicated the complementary essence of the two functions (IR and metochologio).

b) Analysts: Does the office for the retail shareholders (Metochologio) complement the IR function?

In addition, 79% of local interviewees and 90% of the global ones declared that they do not find the registry (metochologio) complementary to the IR function. *"Indeed not, given that the IRO has a wide knowledge of the listed company in terms of strategy and development"*, a local analyst declared. The main objective of the registry is to inform the top management about the changes in the shareholder holdings and to help shareholders to receive dividends, invitations to general assemblies, and to help transfer ownership in case of death, etc. That is why the analysts have no interest in this office.

Many of the analysts interviewed believe that *"The two departments are different. I also think that they are somehow complementary"*, one global analyst commented.

c) Fund Managers: Does the office for the retail shareholders (Metochologio) complement the IR function?

When asked if they feel and believe that there exists a complementary relationship between the IR and the shareholder registry office, 62% and 72% respectively of the institutional investors were negative. One person declared: *"The IR department is much more informed and refers to institutional investors"*. Only the 23% and 16% see some correlation between the two offices. *"The departments are complementary and the IR department has strategic responsibilities"*, one fund manager confirmed.

1.4 Effectiveness of the IR

a) Top Management: Does your company have a formal policy or written description stating the objectives and responsibilities of the investor relations function?

Finally, a small number of firms (31%, 16% and 14%) across the companies investigated indicated that they have formal and written IR programmes with objectives and a timetable. The majority of the respondents gave vague or negative answers.

b) Analysts: Does the IR office serve you well?

56% of the local CFAs answered that they are highly satisfied and 29% said that they are served well by the IROs. Similarly, 70% of the global CFAs replied that they are served well by the IROs and 20% are moderately satisfied. *"IROs reflect the management's attitude towards analysts and this is very satisfactory"*, a global analyst confirmed. In addition, IR departments, without IROs, serve the local analysts well (50%) and moderately (15%). *"The IR department serves me well in only 50% of the companies I follow"*, one analyst said. In contrast, the majority (90%) of the global analysts refers to or talks to the IR offices, and when there is no IRO, they tend to talk to the CFO or the CEO. The remaining 10% are satisfied with the IR departments.

How quickly does the IR respond to your inquiries?

With reference to the speed of IRO replying, the local analysts receive answers within 24 hours (35%), 3 days (29%), a week (21%) and faster than this (15%), while the global analysts receive the requested information within a day (60%), 3 days (20%) and a week (20%) from the IR departments.

What constitutes a good and effective IR office?

Some of the analysts stated that an effective IR department should "provide accurate, credible, systematic and in depth company information", as one global CFA stated.

"The IRO is the critical person in the communication process", as another global analyst said, and "if the IRO is not capable and qualified to supply timely, transparent and detailed information then the IR office is not a good one", another analyst added. To summarise, the analysts believe that the IRO is the official company spokesperson and the main information processor, but they are not satisfied with the quality, depth and strategic information they receive, so they turn to other executives for the information required.

c) Fund Managers: Does the IR office serve you well?

When the fund managers were asked if they were satisfied with the services (time, content, and speed, etc.) offered by the IR department, 62% of the local and 89% of the global fund managers replied emphatically yes (especially for the IROs), while 23% and 11% respectively answered positively and most were referring to the IR office.

How quickly does the IR respond to your inquiries?

62% and 89% replied within 3 days, 31% and 11% said within a week and 8% of the local fund managers answered that it takes more than a week to get an answer.

What constitutes a good and effective IR office?

Some of the fund managers stated that, predominantly, the knowledge that the IRO should have should include the following: "Knowledge of the issues of the company, frequent communication, fast response"; "Knowledge of the company, willingness to help, knowledge of the market and the sector"; "Good knowledge of strategic matters and financial figures"; "Access, honesty and knowledge of the object". Another group of the institutional investors interviewed focused on the communication of the information distributed to the market. Some salient comments were: "To provide credible, fast and systematic information distribution"; "Direct and valid information, accuracy, equal treatment"; "Information distribution, transparency and effectiveness"; "Business scenario, timing and equal distribution of information". To summarise, the local and global fund managers indicated that the IR of the Greek listed companies is well organised but can improve its efficiency and operations.

1.5 Motivation of the IR

a) Top Management: Please can you provide an estimate of the annual gross salary bill for the investor relations officer and his/her staff.

With reference to the compensation and simultaneously the motivation of the IR team, the research shows that, given the size of the Greek market and the level of wages and salaries, some IROs are paid well: more than 150.000 Euros annually in 2 out of 16 big companies interviewed, 4 out of 25 medium ones and 7 out of 35 small ones. For the other IR people. 38%. 68% and 60% of the three categories of the investigated firms are paid according to the salary level in Greece.

Please can you give an approximate indication of the annual budget allocation for the investor relations function (excluding the salary bill and also excluding the cost of production and distribution of annual report)?

In terms of the IR annual budget, 38%, 48% and 23% of the big, medium and small firms indicated that they spend more than €100,000 annually, while 38%, 32% and 20% spend €200,000 per year and 25%, 12% and 12% respectively spend more than €300,000. To summarise, IR is well established in the Greek listed companies and is better organised and functioned in the larger listed firms. The Chairman of the Board of Directors, the CEO and the CFO value the IR function and are involved in the IR activities. Most of the companies have created an IR office but the IR people, in some companies, are not fully involved with their communication and IR activities.

Question 8.2.0 – International IR aspects and consultants

This section exposes the Greek listed companies that have experience in dual listing processes and have worked with global IR consultants, specialists, etc. As mentioned earlier, dual listing can help the corporate communication and IR services of the companies and sets high standards for the IR people. In order to target and enlarge the pool of prospective investors, Greek companies dual list or multiple list their shares. The dual listed companies' communication patterns and the IR departments' efforts should be global and of high standards. When a listed company expands operationally beyond the Greek borders, - and many Greek companies do operate extensively in south Eastern Europe, - it has been observed that this attracts more attention by the analysts and the global institutional investors (Levis, 1998; Demos, 2004b). This visibility intensifies the need for more and better investor relations services and more experienced IROs. If, for instance, a company proceeds for a dual or multiple listing, its communication and relationship with the investment community and the intermediaries have to be polished and become organized. Many companies look for advice elsewhere and sometimes they hire IR consultants from London or New York. From the IRO's perspective, a dual listing opens the door for a rich experience, on both the mandatory and voluntary company communication. The following questions try to estimate the analysts' opinion about the disclosure policies during this transformation, from a local to an international listed company. This section also reveals the fund managers' perceptions and experience with the communication of dual listed companies and their cooperation with global IR consultants, specialists, et al.

2.1 External IR consultants

a) Top Management: Does your company currently employ the services of an external investor relations or financial public relations consultant?

All London based major IR consultants/specialists can offer their expertise and services to Greek listed companies. As the research indicated, London based IR consultants such as Dewe Rogerston, Citigate, Buchanan and others, have worked at least once with a Greek client during the last seven years. In addition, there are some local IR consultant companies that offer different types of IR services to Athens listed firms. They are Capital Link, Metaholdings, Xrima, Novus Finance, V+O, and others that usually offer specific IR activities, such as group presentations around major cities in Greece, web-site consultations, press release distribution, etc. The current research did not focus on distinguishing between London based and local IR consultants, but it investigated whether the IR departments were receiving help, experience and expertise from outsourcing. Most of the interviewees replied that they do not use external help. In fact, 63% of the big firms answered negatively; similarly, 68% of the small caps said no and even more, 84% of the medium companies, never used outside help. The outside help is welcome when the IR department is new and receives a lot of help from experienced IR practitioners. As an IRO from a medium size company mentioned: *"At the beginning, the site specialists added some value but after that nothing"*. It also logical to expect that newly established IR offices need support with the use of English language; another IRO said: *"Even the experienced London consultants could try to help us more, rather than only by editing our press releases"*.

Does your company currently employ the services of other agencies related to the IR professionals, such as Financial Information Services (Carson group, Technimetrics, etc.), Web site specialists, Annual report distribution agencies, etc.?

The majority of the interviewees declared that they do not use complementary services from IR professionals, such as annual report specialists, editors, targeting FMs specialists. Indeed, 75% of the FTSE 20, 64% of the FTSE 40 and 57% of the FTSE 80 companies denied the use of such services. Most of the interviewees in the small capitalization firms indicated that they would like to use such services.

Can you provide an approximate indication of the cost incurred by your company in the past twelve months in retaining the services of an external investor relations or financial public relations consultant?

When investigating the cost that the companies have to carry for the use of an external IR service, it was found that the larger caps pay more than the smaller ones. Indeed, 37%, 48% and 49% of the three teams investigated pay more than 30.000 Euros annually. In addition, the cost of more than 90,000 Euros per year was paid by 13%, 24% and only 8% of big, medium and small caps. Finally, 13%, 8% and 3% of the targeted group of firms pay more than 150,000 Euros.

If you were able to answer the above question please can you provide an estimate of the percentage of the consultant's charges that relate to communications with analysts (both sell – side and buy- side) and fund managers as opposed to communications with other groups?

No answers were obtained here.

b) Analysts: Do you know if your targeted companies currently employ the services of an external investor relations or financial public relations consultant?

Only 24% of the local CFAs declare that the companies they follow and analyse use the services of an IR consultant, and only 20% of the London-based CFAs said they know about such outsourcing IR relationships and activities.

Does any company currently employ the services of related to the IR professionals?

Exactly the same number (24% and 20%) of the local and global analysts mentioned that they know of some IR external consultancy activity in their company's universe.

c) Fund Managers: Do you know if your targeted companies currently employ the services of an external investor relations or financial public relations consultant?

When asked if they know listed companies that employ the services of an external IR consultant, only 15% of the local FMs answered positively, while most of the global FMs denied any knowledge.

Does any listed company currently employ the services of related IR professionals?

The same number - 15% - of the local institutional professionals indicated that in some form the listed companies use an external advisor on IR-related issues and activities such as annual reports, sites, etc. The London-based fund managers, however, had no knowledge of such an activity.

2.2 Dual listing and IR

a) Top Management: Is your company dual listed?

Dual listing implies extra regulation and may affect the IR function. In Greece, 44% of the interviewed big companies reported dual listed, while only 16% of the medium and 11% of the small ones interviewed were traded on more than one exchanges.

And on what exchanges?

Of the big firms, 3 are listed on the ASE and the NYSE. 8 on the LSE, 2 on the Frankfurt Stock Exchange (Deutsche Bourse-DB) and 2 on others. From the medium size companies, 4 reported that they are listed and on the LSE, 7 on the DB and 1 on some other exchange. Finally, from the small group, 2 are dual listed on the LSE and 4 on the DB. As the research indicates, the Greek companies, across the board, prefer the EU alternative exchanges in addition to the local one, since Germany and the UK are the biggest Greek trading partners and many listed companies have operations in these and other European countries. They tend therefore to list in LSE and DB, since they gain enlarged visibility to more global fund managers and are more easily promoted to the London and Frankfurt institutional money. This trend, especially for Germany, did not diminish, even after the Euro currency was accepted by Greece and other European countries and the foreign exchange and trading transaction costs were minimized. The comfortable level that the German fund managers feel for their local markets increases the propensity to buy a Greek stock when it is listed or traded on the DB. A CFO commented, *"German investors preferred to trade our stock on the Frankfurt Stock Exchange, so we did list on the DB"*. With reference to the UK market, the LSE, beyond the point of becoming a major Stock Exchange for Greek companies operating in the English market, is favoured by the majority of bankers and banks that operate out of London, and they continuously promote and advise Greek companies to list and trade on the LSE. An IRO stated, *"Our banker proposed the dual listing on the LSE and our management accepted"*. Another IRO remarked: *"The LSE listing has helped us to improve disclosure, which in turn proved beneficial to the liquidity of our stock"*. The other EU Exchanges are Milan and Amsterdam because these companies again either have operations there or are somehow related to companies that have a base there.

How has the dual listing of your stock influenced the IR function and its activities?

25%, 20% and 6% respectively of the companies interviewed replied that the dual listing has influenced the IR function only moderately, and 38% of the FTSE 20 firms declared that they have gained from the dual listing. IR standards and techniques as well as visibility and liquidity are the benefits mentioned by the interviewees. An IRO from a large listed firm declared: *"The RNS distribution system at the LSE has helped us to get visibility by the smaller UK fund managers"*.

Does the IR have direct connection with the following depositary banks?

In total, 9 of the companies interviewed indicated that they use the Bank of New York (BONY) while 4 declared that they have a relationship with the Citibank depositary branch. The BONY has helped the Greek listed firms to trade American Depositary Receipts on the US exchanges but has not helped in the marketing of their stock. *"BONY informs us monthly but it is not helping us in marketing our stock"*, an IRO mentioned.

Is it the IRO or an external consultant (IR company or Law office) that does the filing?

The IRO, in cooperation with the American lawyers, does the official filing and at least is responsible for doing so (63%, 24%, and 6% for FTSE 20, 40 and 80 respectively). The American lawyers review the final documents and press releases, especially when they are filed with the SEC and the American Exchanges. *"The American lawyers have the upper hand in the press releases and leave no room for marketing"*, an IRO declared. Other market makers such as the specialists at the New York Stock Exchange (NYSE) do not help the Greek dual listed stocks satisfactorily. *"Our specialist is good if we bother him"*, an IR director said.

b) Analysts: Do you target (cover) dual listed companies?

Only 18% of the local and 60% of the global analysts indicated that the targeted companies are dually listed (ASE plus some other exchanges). *"Yes and no. We cover top 15 stocks; dual and multiple listing is not a consideration of our coverage, however"*, one local analyst declared.

On what exchanges?

All interviewees declined to answer and gave no comments to this question.

How has the dual listing of the stock influenced the IR function and its activities?

18% of the local analysts believe that the IR function does not change after the firm is dual listed, while 53% of the analysts believe that the IR activities, perception and implementation is affected by the new setup, (i.e. when the company is listed on the NYSE), and finally 29% of the analysts believe that *"the IR office of a listed changes a lot when the company starts trading in another exchange such as NASDAQ, DB, LSE, etc."*. The observations by 50% of the global analysts are similar when they say that they observe the IR function to improve slightly, and those of 40% that they improve dramatically when a firm is dual listed. *"Dual listing increases the need for an effective IR department since it needs to satisfy the requests of more analysts and more* *presentations"* a London based analyst explained. *"To a great degree as it requires a wide knowledge of institutional, legal and accounting frameworks"*, another one said.

Do you observe any difference between listed on the ASE and dual listed companies?

Both analyst groups mentioned differences between ASE-only listed, and dual listed companies. Indeed, 6% of the locals answered that they see none, 53% see moderate differences and 41% huge differences in functioning, mentality, proactive action, perception, etc. Similarly, 20% and 80% of the global analysts observe moderate and big differences in terms of IR efficiency and effectiveness and disclosure policies. *"The IR departments of dual listed companies are more organized and larger"*, one analyst asserted. To summarize, most of the local and global analysts detect differences in the communication patterns between the ASE-only listed and dual listed Greek companies. As indicated by the analysts interviewed, dual listing motivates and drives the IR departments to be more effective in terms of the quality and quantity of their company's information.

c) Fund Managers: Are your targeted companies dual listed?

23% and 33% of local and global FMs respectively answered positively, while 38% and 67% said no. In particular, the London-based fund mangers said clearly that they do not care if the company's stocks are traded on other exchanges, and someone stated: *"The great majority of the companies we follow are only listed in the ASE"*.

On what exchanges?

23% of the local FMs indicated that some companies are also listed on the NYSE, NASDAQ and the LSE, while 15% said that some companies are traded on the German (DB) exchange. It was surprising to learn that the global fund managers show no interest in the multiple listings of the Greek listed companies.

How has the dual listing of the stock influenced the IR function and its activities?

The perceptions and experience of the local and global FMs on the performance of the IROs when their companies are listed additionally on another exchange are unanimously positive, and 77% and 100% respectively believe that the IR function is affected highly by the dual listing. The remaining 23% of the local FMs also believe that it is influenced moderately. This is possibly explained by the fact that the IROs have to deal with demanding legal issues, accounting practices and policies, filings and mandatory disclosure policies in a foreign language, etc., which makes them more alert, more flexible, effective and efficient, and quicker to act and plan. One commented:

"Greater demand of financial figures according to the US GAAP requires greater IR responsibility."

Do you observe any difference between companies listed at the ASE and dual listed companies?

When asked if they distinguish any differences between the listed companies on the ASE and other dual listed firms, 31% and 100% of local and global FMs observe sizeable differences while 69% of the local FMs see moderate differences. Some of the following comments indicate characteristically some of the fund managers' perceptions: *"In the dual listed companies there is better IR organization and professionalism"*; *"Yes, they are much more careful in what they say and how they say it"*; *"Yes, the dual listed companies' IR departments are more competent and professional"*. In conclusion, the opinions of the fund managers who invest in Greek stocks are that multiple listings of their stocks do influence positively the companies' disclosure policies and practice. They also indicated that the dual listed companies' communication patterns and the IR departments' efforts are of high quality.

To summarize, the big capitalization Greek companies dual list their shares mostly on American or London exchanges in order to attract more capital and have a better mix of global shareholders, and that creates the need for high standards in corporate communication and IR activities and programmes. To reach this level, many firms hire London based external IR consultants and other professionals from the global market.

<u>Question 8.3.0 - Substitution effects of the IR function</u>

The in-house IR people could be replaced or substituted by external IR consultants and/or other professionals such as the analysts and the financial journalists. In smaller economies and in markets with a limited number of qualified IROs, the positions are filled by the aforementioned professionals. As mentioned, the probability of replacing or duplicating the IR function by the intermediaries such as brokers, media people, et al., is high, especially in the absence of a non-qualified IRO, a well organized IR office, an IR programme and action plan and a company's official spokesperson. In this section, the opinions of the analysts on the subject are estimated, in order to compare them with those of the companies' executives and the fund managers. As mentioned also previously, substitution of the official corporate communication process can take place either through the brokers' activities on the sell side or the journalists' reports on companies. Both create communication confusion, misleading information and noise, and as a consequence the information end users (the fund managers) decline to pay attention and to invest in a company with unclear informative policy and tactics.

3.1 IR substitution by Analysts / Brokers

a) Top Management: How have the analysts and the traders or sales people of the domestic securities firms replaced and/or duplicated the IR function of your company?

Most of the executives believe that the domestic sell side (analysts, traders and sales people) operate in a complementary mode with the IR people. Specifically, 88% of the FTSE 20 managers interviewed spoke of the complementary relationship between IR and the domestic sell side. Similarly, 64% of the medium cap executives stressed the same, while only 29% of the small cap managers suggested that this was their policy. It is worthwhile noting the dispersion of opinions and perceptions among the different size companies. Many top executives of the small companies feel that the different players of the sell side process "substitute" their companies' communication to the markets, at least sometimes. Why does that happen? *"The non-existence of a trained, professional IR person is the reason"*, a CEO explained. Similarly, *"the operation of the IR activities by the CFO or even the CEO makes them vulnerable to the brokers and others"*, another CEO added. Indeed, the existence of a large brokerage community-industry (95 brokerage houses) in the small Greek market leads many brokers and salespersons to offer "extra" services to listed companies in order to "hook" them as clients. Furthermore, since *"when the companies do not have an IR department their role is replaced by the brokerage people"*, 34% of the small cap firms believe that their "voice is getting out of the broker's mouth". The problem is smaller for the medium size firms where only 16% indicate that the IR profession is replaced or duplicated by the sell side. *"The IR job is substituted with very little effect"*, a CFO mentioned and *"Over the past years there was an overlap which tends to be eliminated"*, another CFO claimed.

Does the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for your company?

In sharp contrast, the majority of the executives from all three groups believe that the "dailies" issued by the sell side do not create any disclosure problems for their companies. In fact, only a quarter (26%) of the small firms believes some problems are created from the dailies, and, as an IRO mentioned, *"there is a continuous flow of inaccurate information for a number of listed firms"*. However, fewer managers from the bigger companies, (12% and 6% for medium and large caps respectively) indicate disclosure problems from the dailies: one IRO said: *"if the press releases are complete, accurate, short and clear there is no problem"*. In contrast, 88%, 72% and 49% for the big, medium and small firms believe that the dailies help them.

How do the sell-side analysts out of London of the big international investment banks and their sales people fill or duplicate the IR job for your company?

When the research is taken on the global level and the same questions are asked about replacement, substitution and duplication of the IR job by the London-based bankers and/or salespeople, the result is unanimously negative and the vast majority of the Greek firms indicate the absence of threat by the global players. 94%, 80% and 80% respectively and clearly stated the need for cooperation between their companies and the bankers, who are based mainly in London. One CFO stated: *"They do not substitute it. In contrast, they make it easier when there is cooperation and they disseminate information received by the IR department to their clients that IR has no access"*.

Is there any cost and benefit for it, if that happens?

No comment.

Do your auditors play an important role and most often influence your company's corporate disclosure policies?

More than half of the interviewees indicated that the auditors do not play any role on the company's disclosure policies. In fact, 63%, 68% and 54% declared no auditor influence whatsoever.

b) Analysts: How have the analysts and the traders or sales people of the domestic securities firms replaced and/or duplicated the IR function of targeted companies?

When analysts were asked if they replace and duplicate the IR job or the IR people, they looked a little surprised; 29% are completely negative, 65% see some moderate overlapping and 6% believe that some duplication might exist. Similarly, 30% of the global analysts believe there is no chance whatsoever for replacement, 60% accept that some duplication might exist and only 10% believe that they replace the IR activities, especially when IRO does not exist in the companies. *"To some extent and from some analysts this may have happened. However, the roles are complementary. Analysts and securities firms are the link between listed companies and investors"*, a bank analyst declared. *"Not at all. These functions are complementary"*, another said. Similarly, one London-based analyst explained that *"Analysts' work helps IROs to identify some of the deficiencies relating to their presentation content"*. And lastly, an opposite perception such as *"Analysts have not replaced the IR function - different roles in the market"*, was recorded.

Does the "daily market watch" or "daily market news" of the big domestic brokers, which is distributed to their global database every morning, create disclosure problems for the listed companies?

Most of the brokerage or bank analyst departments search for news to add to their daily report, in Greek but mostly in English, which they publish in the early morning and email to global fund managers, analysts, bankers, et al. Historically in Greece, the major source for the listed companies, their management, their finances, etc. was the relative reporting stories in the newspapers, magazines, etc. However, few of these stories are official (distributed by the companies) and have been a product of noise, third opinions, biased information, etc. These "distorted" news items are translated to English from Greek and more distortion takes place, as a result of translation and interpretation (Demos, 2004b). When a Canadian fund manager, for instance, reads a story by a Greek brokerage house in a daily, without being informed directly and officially by the company or at least having that story being confirmed by the IRO as real news, then confusion exists and the stock price might feel the pressure as a consequence. The company, in particular the reliability of the IROs, also suffers.

But what do the analysts believe about this issue? Approximately 23% of the local analysts replied negatively, 65% answered positively and 12% agree that they might create disclosure problems. *"We do not believe that we create disclosure problems, since our sources are the company along with the press. We rarely transfer/reprint invalid data since we use their knowledge of the company to validate what we publish to investors. Some occasional phenomena of invalid disclosure might have been recorded"*, an analyst explained.

Similarly, 20% of the global sell side analysts were completely negative and 80% accepted the creation of some minor disclosure problems. *"A problem should not be created, since many times we base our reports on official press releases and announcements by the companies. There is, though, subjectivity as far as the interpretation is concerned"*, another analyst said.

Do you read / follow regularly the "dailies" by other brokerage houses?

When asked if they read the daily reports of the "competition" (i.e. other sell-side analysts), 3% of the locals replied not at all, 70% just take a glimpse and 26% firmly believe that they should know what the others focus upon and write about. *"Yes, I read some, not every day though"* was a common comment by many analysts. On the other hand, 20% of the globals deny any reading, 70% accept that they read slightly the other analysts' dailies and only 10% read the competition's reports carefully. *"Daily, but from the reports of specific companies"* one admitted.

How do the sell-side analysts out of London of the big international investment banks and their sales people fill or duplicate the IR job for the listed company?

Everybody was negative in response to this question and only 6% of the local analysts gave a signal of doubt and indicated that sometimes it might. *"Definitely, they do not duplicate the IR job. Instead, they support it, by spreading the information coming from the IRO"*, a local analyst declared.

Is there any cost and benefit for it, if that happens?

No comment.

Do you read the formal "investor releases" released by the IR offices?

All analysts read the official IR press releases carefully.

c) Fund Managers: How have the analysts and the traders or sales people of the domestic securities firms replaced and/or duplicated the IR function of companies in which you invest?

When the fund managers asked if the analysts and/or salespeople of the domestic brokerage firms duplicate or replace IR activities, 19% and 44% of local and global FMs replied negatively. *A local FM declared: "The analysts are not in place to substitute the IROs. Their function is complementary to the IROs"*. Another one based in London added: *"Our local analyst needs the IR to provide more efficient research about the listed company"*. But the majority of the FMs, 81% and 55% respectively, accepted moderate overlapping (does that mean that the IR job is untouchable?). One stated: *"Unfortunately, the IRO position is considered to be a luxury due to the size of the Greek companies, therefore it usually happens to the smaller companies"*. The majority of the fund managers accept the duplication of the communication, especially for the smaller capitalization companies, and the IR departments should find ways to be more authoritative and reliable.

Does the brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for the listed companies?

The majority of the FMs (77% and 100% respectively) believe that these dailies do not create disclosure problems or even corporate governance issues to the listed firms, as the following statement indicates: *"As long as they adapt to the requirements of the legal system they do not create problems"*. Only 23% of the local FMs were negative and said that the dailies might create some problems. *"The phenomenon of invalid* *information is usually observed and the possibility of wrong perception of some event is eminent".*

Do you regularly read / follow the dailies by the brokerage houses?

69% and 100% of locals and global fund managers do carefully read the daily research memos that come out of the analysis departments, while 31% of the local FMs just glance at the dailies of the brokerage houses. *"I have a regular update, usually from my colleagues,"* one stated.

How do the sell-side analysts out of London of the big international investment banks and their sales people fill or duplicate the IR job for the listed company?

8% of the local FMs and 100% of the London based institutional investors see no duplication of the IR job by the work of the London covering Greek stocks. In contrast, 8% of the local FMs see a minor fill-in substitution. The following comment reflects that: *"They do not substitute them. The IRO should just provide information, present the company and answer the questions. The analysts evaluate the company and their analysis is taken into consideration by the market players".*

Are there any costs and benefits for it, if that happens?

A London-based manager explained: *"The cost is the existence of many figures with important differences. The benefit is greater transparency concerning the progress of the listed companies".* Another added: *"It can build the wrong opinion about the listed company. Local analysts have a good approach to the local listed companies."* In summary, the fund managers observe no important substitution between the information intermediaries and the IR offices.

Do you read the formal "investor releases" released by the IR offices?

All fund managers do read the official and formal investor releases or "press releases" or newsletters by the IR departments, either after the quarter results or any other important material or management change in the company activities.

3.2 IR substitution by media

a) Top Management: Similarly, do the reports in the Greek newspapers (daily or weekly) substitute the official announcements for your company?

From an investigation into whether the daily reports by the media people, especially in the newspapers, create many disclosure problems or, better, substitute the official announcements by the company, the results were found to be mixed. The big players agree unanimously that they do not perceive any substitution issue, while the opinion of the medium firms is split into almost half (32% answered yes and 48% said no); the same applies, more clearly, to the small companies with an exact and just 43% equal split between 'yes' and 'no'. Therefore it may be observed that, with the exception of the large listed firms; the remaining majority of the Greek listed firms are suspicious and afraid of the substitution effects of the communication process by the media. Therefore, for the majority of the executives, an "indirect communication process" exists, which is not the official process and distorts the company's information. It also creates "noise" which in turn affects perceptions, decisions, share prices, liquidity and other fundamental indicators. *"This indicates a major challenge for the firms, especially for the CEO and the Chairman (who might be a major shareholder), who give in and talk to constant "questioning" by the journalist"*, an IRO suggested. Another added: *"the media people are getting access to the original information on the company's results, strategy, operations, management change, etc., and they publish it in order to be the first to inform the market".*

As mentioned in the previous chapters, the CMC and the Stock Exchange authorities have tried to control this "indirect communication process" through mandatory and voluntary directives and recommendations. For instance, they placed an obligation on the listed firms to report to the authorities, within 24 hours of the article being published in the news, if the published information is correct and why it was not formally filed to the authorities and concurrently disclosed to the investors. This obligation has created more disclosure problems and side effects for the companies (i.e. wasted time, confusion, misleading information, wrong interpretation, etc.), especially *"when our announcements are not stated correctly and there are too many financial newspapers"*, as an IRO stated. Or *"problems are created when only pieces of our announcements are used"*, a CFO mentioned. The big companies, however, try to avoid this confusion by assigning specialized persons to talk to the media; one IRO mentioned: *"they do not substitute the official announcements. Usually they do not create problems because we have an official spokesperson and a very severe policy with press releases and other announcements and we have a thorough follow up of all reports"*. Another IRO added: *"Rarely, since we control the flow of information to the press."*

Have you designated an Official Spokesperson to the newspapers, media, etc.?

81% of the big players declare that they have a designated official spokesperson to the media, while 56% and only 31% of the medium and small companies respectively act similarly. It is worth noting that 51% of the small firms indicated that they have no person designated for the media whatsoever. This somehow explains the noise and the indirect information process, especially for those smaller companies which have neither a media person nor an IRO.

If yes. Is this person the IRO?

If the designated person to the media coincides with the IRO. 56%, 44% and 31% of the companies (big-medium-small) answered positively while 44%. 32% and 51% replied negatively. There is a dichotomy of opinions. perceptions. and, most important. of practice towards this issue in the Greek market. Generally speaking. when the IRO has a background of working with / for the media" then he is highly qualified to deal effectively with his/her former associates.

Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with media people.

100% of the FTSE 20. 40 and 80 believe that the meetings with the media people and especially the financial journalists are of high and moderate importance respectively. and also the telephone conversations are of the highest importance (100%). In contrast.' all big. medium and small caps totally (100%) disregard any inactivity in terms of meetings, telephone talks and guidance. In addition, 100% of big, medium and small companies believe that the sell side tries hard to evaluate objectively their companies without focusing either on the short term profitability or on the long term prospects, therefore losing sight of the current value of the companies.

b) Analysts: Similarly, are the reports in the Greek newspapers (daily or weekly) substitutes for the official announcements for the listed companies?

In terms of the potential substitution of the company's (IR) official announcements, in particular the newspaper reports, by the media people, 41% of the local analysts refused and 59% accepted that this could take place. Similarly, 40% of the global analysts were negative. while 60% accepted that a slight substitution might exist but they indicated that usually these kinds of phenomena exist when the IR office is weak or non-existent.

Do you prefer to talk directly and/or officially with the listed firms?

Similarly, all analysts declare positively that they prefer and try to talk directly to the management of the listed firm and have open communication with the IR departments.

Do you prefer that the firm has a designated Official Spokesperson to the investors, analysts, newspapers, media, et al.? If yes, is this person the IRO?

Again. all analysts prefer that the listed companies have a designated IRO as the main "processor" of information to the market and to the company as feedback.

c) Fund Managers: Similarly, do the reports in the Greek newspapers (daily or weekly) substitute the official announcements for the listed companies?

73% and 89% of the end users disagreed totally with, and 27% and 11% accepted partially. any substitution of the official announcements by the listed companies from the reports in the Greek newspapers. The following statements are representative of these views: *"Sometimes and especially when they are based on rumours"* and *"They can create many problems when they express personal opinions and are politically influenced". But things have improved over time since "In the past problems were created to a greater degree than nowadays".*

Do you prefer to talk directly and/or officially with the listed firms?

All fund managers prefer to talk directly with the companies in which they own stocks

Do you prefer that your targeted firms have a designated Official Spokesperson to the investors, analysts, newspapers, media, etc? If yes, is this person the IRO?

All fund managers prefer to see that the listed firms have a permanent "processor" in place, in other words a designated official spokesperson. 88% and 100% of the local and global FMs do believe that this person should be the IRO.

To summarise, the majority of the interviewed big firms indicated that no other market players like the analysts or the journalists substitute the IROs, but many executives of the medium size companies and the majority of interviewees of the smaller firms accept the existence of the analyst and the media substitution. They also indicated the existence of "indirect communication process" and "noise" that affects the communication process and the IR activities. Most of the analysts interviewed also indicated that there might exist a duplication and a replacement of the IRO's communication efforts by the analysts' daily reports and especially the journalists' articles, and they accepted the existence of the analyst and the media substitution as well as indicating the existence of "indirect communication process" and "noise" that affect the communication process as well as the IR activities. In summary, the majority of the fund managers interviewed accepted possible duplication of the corporate communication, especially for the smaller capitalization companies, with the analysts' reports but observed no substitution with the articles of the financial journalists. They indicated that the existence of the "indirect communication process" and "noise" that affects the communication process as well as the IR activities should be overcome when the IR departments could be more authoritative and reliable.

Question 8.4.0 - Macro aspects of the IR function

In this subsection the relationship among corporate governance, industry structure and IR in Greece, as well as the influence by the EU regulations are researched. The macro aspects or variables that affect the IR function are the corporate governance principles, rules and practices. The relationship between investor relations and corporate governance is fundamentally and philosophically the cornerstone indicator for IR practitioners, the listed companies and the regulatory authorities. Moreover, the distinction between compulsory and voluntary communication and investor relations policies are based on the aforementioned intertwined and interdependent relationship of CG and IR. This research asked the analysts' perspective on exactly this relationship, as in the previous chapter the listed companies' executives were asked, and in the following chapter the institutional investors' opinion is given. The relationship between the corporate governance framework (macro dimension) and the investor relations activities plays an important role, since for many IR practitioners, market players and researchers it is the fundamental starting point of investor relations activities and the choice between mandatory and voluntary corporate communication.

4.1 IR and Corporate Governance

a) Top Management: Is there any interdependence and relationship between the IR policies and Corporate Governance in Greece?

In response to the question of interdependence between IR and CG (Corporate Governance), almost all interviewees indicated the strong relationship between the two (100%, 76% and 83%). An IRO explained: *"The IR mission is to follow as much as possible the Corporate Governance guidelines and there is a close relationship between the IR policies and the Corporate Governance".*

Can you see any influence from or mandatory convergence to the European Corporate Governance?

The extreme majority of the interviewees (100%, 92% and 91%) declared the speedy and necessary convergence of the local and EU Corporate Governance platform in theory and in practical terms.

Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?

The vast majority of interviewees pinpointed the different set up that exists in Greece in terms of industry culture and structure that definitely affects the application of the voluntary disclosure policies. For instance, the small size, the family element, and in most cases control and manipulation, the strategic orientation and outlook are only some of the factors that affect the companies' communication policies. Indeed, 88% of the large caps, and 32% and 49% of the medium and small size companies, agree on the particularities of the Greek market structure. The small percentages from the smaller companies' executives simply indicate that the "family" structured companies take more time to digest, accept and initiate changes towards better disclosure, corporate social responsibility, professional management, auditing, enhancing communication and reporting and finally facilitating shareholder value creation.

b) Analysts: Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?

All analysts agree that interdependence and relationship do exist between IR policies and Corporate Governance (CG) principles. In particular, 41% and 40% of local and global analysts respectively believe that there is a strong relationship, while the remaining 59% and 60% respectively agree that there is a weak interdependence. *"I think the IR enhances the role of Corporate Governance and the CG is usually supportive to the IR"*, one local analyst commented. *"There is a strong relationship, although I believe that the interdependence will be more obvious when the Corporate Governance framework is promoted on a more objective basis"*, another analyst said.

Can you see any influence or mandatory convergence to the European Corporate Governance?

All analysts (100%) believe strongly in the convergence European Union Corporate Governance guiding principles for all European markets and their role in the Greek market place. *"Very rapid convergence, especially by the blue chip stocks"*, one mentioned, and another noted: *"Yes, but it will take some time even though progress is already visible"*.

Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?

The absolute majority of analysts (100%) believe in the particularities of the Greek market, especially the formation of the industry structure, the small family size of the listed and general companies, the profile of major shareholders, even the "immaturity" level of the top management that resembles more closely the entrepreneurial style rather than the conglomerate/global enterprise running top management. *"I think that we already observe limited disclosure due to the structure of the Greek economic environment"*, a global analyst claimed. Also, a local analyst noted, *"Yes, due to the conservative attitude of major shareholders"*.

c) Fund Managers: Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?

58% and 100% of the local and global FMs do find a strong relationship and even interdependence between the IR policies and the Corporate Governance in Greece. The remaining 42% of the locals also believe in the existence of a moderate relationship. *"Yes, but we believe that we are at an early stage as far as the overall implementation of Corporate Governance is concerned,"* one stated.

Can you see any influence or mandatory convergence to the European Corporate Governance?

All interviewees mentioned that it is only a time issue for the full convergence across Europe. They accepted and believed that there is strong influence and convergence between the Greek and European Union (EU) corporate governance practices and principles. Some comments are representative: *"Convergence will take place due to EU regulations. I believe it will happen in the medium or long run". "It already happens unofficially".*

Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?

Both the local and global fund managers accept the particularities of the Greek market which in turn affects the implementation of the mandatory and voluntary communication policies. They indicated that these characteristics and particularities of the Greek "industrial" or market structure and consequently its market dynamics influences the implementation and application of some if not all of CG principles, such as accounting issues, forecasting policies, and even voluntary disclosure practices. Someone mentioned: *"I believe that this is a requirement irrespective of the time of implementation".*

4.2 IR learning curve

a) Top Management: Is there any learning IR experience (curve) exist in Greece?

The percentage of responses to the question of IR learning experience (curve) in Greece is satisfactory; but, as the researcher found, many interviewees doubt that there exists a collective knowledge of country-market specific practices, owing to the recent appearance of the IR phenomenon, in the country. Only 63%, 64% and 54% of the companies respectively believe that they can learn something from internal-Greek sources. In fact, there is extremely limited research on the IR field but there are some experienced IROs. The question remains whether these experienced IROs are willing to move to the "teaching" or "training" level-status, so they can pass knowledge, expertise and experience to others because they are probably afraid of "their jobs", given the small size of the Greek market, the limited number of good saleable listed companies, even the informal oligopolistic structure of "good" IROs that protect this rigidity of the profession and their careers. A pessimistic view offered by a small company executive even suggested that *"A learning experience in Greece exists only for a few large cap companies."*

Is there a need for a National Investor Relations Association that will reduce the learning path and time for other Greek companies?

This question was answered positively, and the local IR society is accepted as an able institution to transfer knowledge, know-how and experience and also offer instruction, especially to smaller companies. 94%, 96% and 100% of the big, medium and small capitalization firms answered that they believe that they will learn from HIRI.

b) Analysts: Is there any learning IR experience (curve) in Greece?

All (100%) agree on the learning experience dimension and the path of the Greek IR industry and the value that HIRI could provide to the local IROs. *"Yes, HIRI could help, though within the current structural limitations"*, a local analyst said.

Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?

Most analysts believe the local IR society could benefit other related industries as well. *"HIRI is useful to the investment community as a whole, besides the IR"*, a global analyst indicated.

c) Fund Managers: Is there any learning IR experience (curve) in Greece?

All interviewees believed that over the last decade IR experience has been accumulated, especially in the larger listed companies.

Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?

All believed in the learning path for the IROs and the important role that HIRI can play. One respondent commented: *"HIRI would help not only the IROs but also the CEOs and the CFOs"*.

To summarise, the Greek companies are implementing the EU corporate governance regulations but Greek practice and local business culture affect their implementations. In the corporate communication and IR area, only the large capitalization listed firms are experienced while the smaller companies have limited or no experience. The analysts interviewed accepted the interdependence between IR and Corporate Governance as well as the full implementation of the EU corporate governance regulations, but Greek practice and local business culture affect their implementations. They also accepted the IR satisfactory experience and learning that has been accumulated during the last decade. The fund managers interviewed also referred to the high corporate governance level in Greece but also accepted the Greek particularities and the local business culture which affect the implementations of regulations.

Question 8.5.0 - Executing the IR programme

The following section describes how Greek companies describe and rate their disclosure practices, IR policies and corporate communication tools. The analysts' opinions on the IR tools, especially concerning which communication tools to use, are the most effective and have great value. The analysts are the most important intermediary body of the communication of the company's information that not only passes and distributes the information but, most important, evaluates the company, based on that information, and promotes its shares to the investors. In other words, the analysts are a communication tool themselves. Therefore, the opinion of these analysts, as both processors and users of company's information, is extremely valuable. In this subsection also, the fund managers' perceptions and preferences are given on the effectiveness and the efficiency of the communication tools that the IROs employ.

5.1 IR communication tools

a) Top Management: Please can you indicate the means by which your company communicates with analysts (sell – side and buy – side) and fund managers and the importance of the different means of communications?

Group presentations

38% of the large firms indicated that they consider group presentations to be of minor and moderate importance, while the remaining 44% value these presentations very highly. For the medium size companies, group presentations are important (52%) while for 32% they are of high importance. Furthermore, the small caps all assigned higher value to this type of presentation, with 40% valuing them highly and 60% as important (Table 8.9). This is explained probably because most of the Greek and *"especially global fund managers having prerequisites and limitations and don't agree to see small and medium caps privately (in one-to-one meetings-presentations)"*, an IRO from a small company declared. Therefore the companies find some way out of this deadlock by participating in group presentations in Greece or abroad. That, additionally, saves them money (splitting the cost with other listed firms), and they learn from other presenters' methods of presenting, styles, tactics, annual report ways, etc., and therefore improve their own performance in their disclosure. Many companies, regardless of size, are like to participate in "industry" group conferences in which global firms also participate. The learning curve is very steep and highly beneficial for companies from "emerging" markets such as Greece. As mentioned, the Hellenic Investor Relations

Institute (HIRI) and the author have organized many group presentations for Greek companies in important global financial centres such as Frankfurt, Geneva, Zurich, Milan, Paris, Boston, Toronto, etc. during the last five years, and these were extremely beneficial for the Greek companies, as their trading patterns and liquidity improved.

Table 8.9: Companies' corporate communication tools.

	FTSE/ASE 20 (%)				FTSE/ASE 40 (%)				FTSE/ASE 80 (%)			
	1*	2*	3*	4*	1*	2*	3*	4*	1*	2*	3*	4*
By group presentations	19	19	19	44	16	20	32	32	-	20	40	40
By private meetings (one-on-one)	-	-	12	88	-	-	8	92	-	-	6	94
By telephone queries	-	-	6	94	-	4	20	76	-	-	9	91
By the sell-side analysts' reports feedback	-	-	12	88	-	-	-	100	3	-	6	91
By mailing information	-	-	6	94	-	-	8	92	3	8	3	86
By visiting the companies	-	-	-	100	-	-	4	96	-	6	14	80
By increasing analysts coverage	-	-	-	100	4	-	8	88	6	-	17	77
By email	-	-	-	100	-	-	-	100	-	-	6	94
By holding conference calls	19	12	25	44	20	24	36	20	14	54	26	6
Via the internet	-	-	6	94	-	-	8	92	-	-	6	94
Web casting	31	50	-	19	8	52	28	12	6	51	34	9

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Private meetings

Private meetings are the *"high-end tools for the IRO and the most challenging for the company"*, an executive asserted. All big companies positively showed their extreme preference for this kind of communication (88% assigned the highest mark) and the remaining two interviewed companies (12%) said it is moderately important, but that was because these two companies never participated in private meetings. The same applies to the medium caps, where 92% value them highly and 8% moderately. It can be inferred from the interviews that the "no participation" issues for some executives did not create uneasiness and misevaluation of the private meetings. Finally, the small companies valued these meetings with the highest mark (94%) and transcended their "agony" for more proactive individual meetings since they do not have the same opportunity as do the large caps to participate in private meetings because of shareholder structure, small free float, minimal visibility, etc.

Telephone use

With reference to the use of the telephone, all companies use this cost- and time-saving tool effectively in order to convey information, to answer questions and to promote their story. Indeed, more than 94% of the large caps value the telephone extremely highly. The same applies for the small caps (more than 91%); while more than 76% of the medium caps rate the use of telephone with a high importance mark. Every company, big or small. uses the telephone and believes that it is *"an effective tool of the communication of information, especially nowadays with the use of cell phones"* as a CEO stated. *"A decade ago, while roadshowing across Europe or even worse across the USA, we could not be online, communicate either with the home office or the roadshow organizer, and that alone created, to say the least, inefficiencies and a lot of misunderstandings"*, another CEO remarked. Today. even *"in the midst of a private roadshow meeting, I can call up the chief accountant for an explanatory clarification if needed"*, a CFO said.

Sell side analysts reports feedback

This IR tool is of extreme value. *"The (analysts') reports put us on the map"* a CFO declared. The research indicated that 88%, 100% and 91% of the large, medium and small Greek companies respectively put the highest mark on this communication tool. The smaller companies. as indicated. face analyst coverage problems: *"We are begging the analysts to cover us"*, one IRO said. *"Every Fund Manager we meet, the first thing that they ask us is who covers us"*, another IRO said. The report drafts are distributed to other managers as well for comments and that in turn helps the motivation and focus of the company. One CEO declared: *"The reports helped my company to evaluate even internal procedures and departments"*.

Mail

The use of mail for the communication of information is considered classic and traditional and. as the current research finds, it remains strong. Indeed, mailing information is much appreciated in the Greek market and it conforms to the local cultural and business habits. The web and electronic use and Internet penetration in the country is one of the lowest in the EU (Sakkas. 2004c; Schina, 2002b). Therefore, Greeks like to send and receive hard copies of annual reports, marketing tools, press and quarterly releases, etc. The research found that 94% of the large firms, 92% of the medium ones and 86% of the smaller companies send information and materials via traditional mailing methods.

Visiting companies

Visiting companies mostly refer to on-site visits and/or visits to the headquarters. *"Walking on the ground"*, as a BoD Chairman called it, *"is a prerequisite, before buying (the stock), by the fund managers"*. In particular, a major and regular part of the Association of the Greek Fund Managers' annual activity is the implementation of "site visits" to the headquarters, plants and operations of the listed companies. As the current study indicates. 100%. 96% and 80% of the large. medium and small replied that they consider the companies' visit extremely important and one of the best *"information tools, that avoids wrong interpretations and misjudgment"*. Also, a CFO said that *"the visits also give the opportunity to meet with some important operation managers, in the headquarters, or the factory"*, and have dual positive effect. In addition, some executives mentioned that *"the visitors (FMs or FAs) are deepening their understanding and touch on more qualitative data when they speak with these line managers"* and furthermore *"the managers are being motivated more when they realize the effort by the top management and they receive the feedback (insights, perspective, etc.) from the different market players who visit them"*.

<u>Analysts' coverage</u>

Analyst coverage is considered by the listed companies to be of similarly high importance, (100%, 88% and 77%). Simply, the larger the cap, the bigger value of the sell side coverage, owing to the global trading access that these companies have. The medium caps value the coverage somewhat less, and there are some firms that are unable to measure this tool because they do not target global institutional money. It is worth noting that the majority of Greek analysts write reports in both languages: Greek and English. The same is so for the small cap category, although this is coupled with the limitation by the local (or even London-based) analyst community, owing to staff, budget and policy constraints.

<u>E-mail</u>

The use of email is the absolute leader of the means of communication with the highest mark (100%, 100% and 94%) by the three groups of companies. Naturally, it is the most cost-effective tool of communication, especially when it serves the sophisticated market players (i.e. FMs, FAs, Bankers, etc.) and some large individual investors.

<u>Conference calls</u>

The utilization of conference calls has not been established in Greece and it is appreciated as an effective and efficient means of communication. It is probably owing to *"the business culture and mentality of the Greeks who mostly prefer the "personal" touch in their affairs"*, as a CEO said. In other words, *"body language plays a very big and important role in the day-to-day business conduct, on a local and on a global setting"* another CEO added. 19%, 20% and 14% of the large, medium and small caps interviewed answered that they do not use conference calls at all. Conversely, 44% of large, 20% of medium and only 6% of the small companies value these highly and use teleconferencing extensively. The reasons given for doing so are *"the cost and time saving, frequent rapport investor across the globe, quarterly results information and* *analysis and others"*, according to an IRO of a big corporation. Finally, 25%, 36% and 26% of the respective three categories indicated that they value the conference calls moderately.

Internet

The use of the internet, in sharp contrast, is valued and used widely and vastly by the Greek companies. The voluntary proposals- regulations by the CMC and the ASE in recent years have played a major role in motivating the companies towards this practice, but the demand by the local and global players alike is also a "compulsory" incentive to do so. 94%, 92% and 94% of the companies use the Internet as an information source, for shareholders and stakeholders alike.

Web casting

Finally, web casting is at its "primitive" stages in Greece, where 31%, 8% and 6% of the companies have never used casting and 50%, 80% and 85% do not use web casting but they see value in it, and only 19%, 12% and 9% have used the service at least once in the past.

To summarize, the majority of the three targeted groups of listed companies describe as moderately and highly important most of the IR tools such as private meetings, email, telephone disclosure and communication via the analysts. The research indicated that the use of conference calls and web casting is not extensive as a means of corporate communication, especially by the smaller Greek companies. Analyst coverage plays a major role but many executives assign it to the mentality and communication local culture. In the following subsections, a detailed analysis of the different means of communication is given.

b) Analysts: Please can you indicate the means by which you communicate with the listed targeted firms and the importance of the different means of communications?

When asked to disclose and evaluate the different means of communications with the listed entities, three information tools excel, according to the opinion of both local and global analysts, the one-to-one meetings, (100%), e-mail (94% and 100%) and the telephone (88% and 100% respectively). This unanimous acceptance and agreement of the importance of the three aforementioned tools of communication have indeed motivated the author to venture more deeply into the research on this section. He interviewed 20 CFAs (September-December 2004) about the information sources and the results were extremely similar to those of this research (Demos, 2005c). The remaining communication tools are in second place and again are valued similarly by the two groups of sell-side analysts (Table 8.10). The group presentations are given a high mark (24% and 10%) by the local and global CFAs and a moderate mark (64% and 90%) respectively. The analyst coverage or the promotions through the analysts' reports are recognized by the analysts themselves as a moderate processor of information (71% and 100%) respectively. Similarly, 88% and 100% of analysts accept that information is transmitted with a moderate mode by increasing analysts' coverage of the listed companies. The same acceptance is observed for the use of mail from 97% and 100% by the local and global analysts. "Walking on the ground" by visiting the companies' headquarters, facilities, factories, distribution centres, etc., is considered to be of a moderate (71% and 30%) to high value (29% and 70%) source of information. It is striking that the conference calls are valued with a high importance (32% and 100% of local and global analysts) and with a moderate importance (68%) by the local analysts. Finally, the web, i.e. the companies' website in particular, is extremely highly valued (24% and 80%) and highly valued (77% and 20%) by both groups of analysts asked. To summarise, the analysts interviewed described as highly important the private meetings, email and telephone communication. The research indicated that the use of other IR tools such as conference calls, web casting, mail and others are valued as important communication tools. In the following subsections, a detailed analysis of the analysts' opinions on different means of communication is revealed.

Table 8.10: Analysts' communication with the listed companies

	Local CFAs (%)				London CFAs (%)			
	1*	2*	3*	4*	1*	2*	3*	4*
By group presentations	12	29	35	24	-	30	60	10
By private meetings (one-on-one)	-	-	-	100	-	-	-	100
By telephone queries	-	-	12	88	-	-	-	100
By the sell-side analysts' reports	29	53	18	-	-	80	20	-
By mailing information	-	41	56	3	-	80	20	-
By visiting the companies	-	6	65	29	-	-	30	70
By increasing analysts coverage	-	35	53	12	-	20	80	-
By email	-	-	6	94	-	-	-	100
By holding conference calls	-	12	56	32	-	-	-	100
Via the internet	-	23	53	24	-	-	2	8
Other	-	-	-	-	-	-	-	-

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

c) Fund Managers: Please can you indicate the means by which you communicate with the listed targeted firms and the importance of the different means of communication?

When the interviewees were asked how they communicate and obtain information from the listed companies, it was observed that 77% of the local FMs and 100% of the global ones use the group presentations (either mandatory or voluntary) to a great extent and the remaining 23% of the locals use them discreetly. On the contrary, all FMs (100%) prefer the private (one-to-one) meetings (Table 8.11). It is not unusual that during roadshows, for the institutional investors, especially those in the mature financial centres such as London, Boston, and NYC, direct communication with the companies is extremely important, and many times they *"throw out" the intermediary people (i.e. salespeople, consultants, bankers, et al."* and *"keep in the room only the company's executives"*, one FM indicated.

Table 8.11: Fund Managers' use of communication and IR tools

	Local FMs				London FMs			
	1*	2*	3*	4*	1*	2*	3*	4*
By group presentations (%)	-	-	23	77	-	-	-	100
By private meetings (one-on-one) (%)	-	-	-	100	-	-	-	100
By telephone queries (%)	-	-	15	85	-	-	11	89
By the sell-side analysts' reports (%)	-	8	69	23	-	-	-	100
By mailing information (%)	-	-	46	54	-	-	16	84
By visiting the companies (%)	-	-	-	100	-	-	-	100
By increasing analysts coverage (%)	-	-	31	69	-	-	-	100
By email (%)	-	-	-	100	-	-	-	100
By holding conference calls (%)	-	-	46	54	-	-	12	14
Via the internet (%)	-	-	38	62	-	-	16	84
Other (%)	-	-	-	-	-	-	-	-

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Similarly, the FMs very much like to visit the companies and to communicate constantly with them via e-mail. The telephone is used extensively as a vital information tool by 85% and 89% respectively and moderately by 15% and 11%. The same applies to the use of the traditional mail, where 54% and 84% do use it extensively and 46% and 16% occasionally. With regard to the use of the sell side analysts' reports by the fund managers, a diversion and dispersal of opinions and perceptions are observed. While it may be seen that the global FMS believe very much and value highly the reports, and the continuous and increasing (every quarter from annual coverage and covering more and more companies) coverage, the local FMs value the reports with minor (8%) moderate (69%) and high (23%) importance; only 69% of them believe that increasing coverage will help them in their investment decisions. Similarly, while the global money managers do accept that conference calls add the highest value in informing themselves on the current performance of the listed companies (probably because of the distance element, the weekly rapport as local managers do, etc.) only half (54%) of the local FMs believe highly in the value of the conference calls and the other half (46%) moderately so. Finally. 62% and 84% of local and global FMs accept the high importance of the Internet (i.e. websites. etc.) as an information tool which. moreover, covers the "equivalent information" principle and belongs to the public domain information set which satisfies many CG guiding principles. 38% and 16% respectively accept the Internet moderately as a medium of communication or. better. said that as a medium it helps them decide and invest better.

To summarize, the majority of the fund managers interviewed describe as highly important most of the IR tools. such as private meetings. group presentations. site visits. email, conference calls and telephone disclosure. They also describe as effective communication tools the communication via the analysts. the web casting, and other IR tools. In the following subsections, a detailed analysis of the different means of communication is given.

Question 8.6.0- Company meetings with FAs and FMs

The general and special meetings with analysts and fund managers are analyzed by the top management in this section. The group and private company meetings are evaluated by the analysts as well as the meetings with the listed companies and the analysts are analyzed by the fund managers. General meetings are defined here as meetings for a group of delegates from a number of different employing organizations. Special meetings are defined as meetings for individuals or small groups from one organization.

6.1 Organization of meetings

a) Top Management: Does your company hold meetings with any of the following: sell – side analysts, buy-side analysts and fund managers?

All companies, none excluded, hold meetings with at least the sell side and buy side.

Which company officials represent the company at some or all of these meetings?

Table 8.12: Presenting the company.

Presenter	Big (%)	Medium (%)	Small (%)
Chairman of BoD	12	52	60
CEO	38	60	48
CFO	100	76	57
IRO	88	76	69
Marketing Director	6	8	-
Chief Accountant	6	8	9
External IR adviser	12	4	-

Who presents the company (companies) in these meetings; for the large, medium and small companies the responses are shown in the following table. The existence of the duality phenomenon is worth noting; i.e. the positions of Chairman of the BoD and that of CEO are concentrated in the same person. According to a recent survey, in 78% of the listed companies the Chairman and the CEO hold the same position (Demos, 2003c).

Does the company keep a record of the proceedings of these meetings?

100% of the large caps keep a record of the proceedings of both group and one-to-one meetings, while 72% of the medium ones make notes of the group and 84% of the private meetings. Even the small caps keep notes: write down questions, answers, feedback comments, names of the participants, requests, etc., from around 63% of general (group) and 69% of one-to-one (individual) meetings.

How many of these meetings did your company hold in the past twelve months?

On average per year the big firms held 10 group meetings and 45 private meetings, the medium size companies held 6 group and 23 one-on-ones and the small companies' similarly held 6 group and 24 individual meetings in Greece and abroad. As mentioned in chapter 1, the ASE qualitative criteria "require" 5 presentations for the listed companies. Therefore, most of the firms try to fulfill this minimum requirement at least, with presentations that take place in major cities around Greece. Given that the vast majority of local institutional money managers and other market players (such as analysts, brokers, bankers, et al.) work out of Athens, the companies presenting in other cities are mostly looking to inform individual (retail) investors. Group company presentations are also organized in the biggest Greek cities such as Thessalonica, Patra, Larissa and Heraklion. By presenting to these cities, the companies do not cover the whole of the Greek individual investor base, especially during the summer months when most Greeks visit the islands and stay in their summer houses.

Approximately how many analysts are there on your company's database of people who may be invited to these meetings?

The large caps have better databases and invite more people. They invite 100 sell side analysts and on average 200 professionals from the buy side. The targeted invitation list for the medium reaches 80 analysts and 300 fund managers, and the smaller companies include 200 sell side analysts and 320 respective buy side analysts or fund managers. *"The smaller the company the more extensive and inclusive the invitation list becomes"*, a CFO of a FTSE-80 company declared. The research also indicated that the FTSE-40 and especially FTSE-80 companies invite analysts from smaller funds, which the big corporations are unwilling to deal with.

Can you provide an estimate of the number of individual analysts who have attended at least one of your meetings (special or general) in the past 12 months?

The success rate on average annually, which means how many invited people actually attend the presentations, reaches 30%, 25% and 25% of sell side analysts attending the meetings of the big, medium and small capitalization firms respectively, and 35%, 7% and 6% of the buy side analysts and fund managers attend the special or general meetings organized by the big, medium and small capitalization firms respectively.

Can you provide an estimate of the number of stock-broking firms and institutions which sent representatives to your meetings (special or general) in the past 12 months?

The big, medium and small capitalization firms respectively replied that from their invitation list 30 brokers, (members of the associations of Greek brokers, SMEXA and SEDYKA) [30%] attend their meetings. In reference to the invitation list to the banks, 20 professionals from the banks (10% of the invitation list) attend the larger firms' meetings, 30 bankers (38%) go to meetings in the medium size firms, and 15 (5%) bankers participate in the smaller caps' meetings. As mentioned earlier, in 2004 there were 37 banks in Greece; SMEXA had 97 members and SEDYKA 250 members but all interviewed companies indicated that their invitation list is selective and specifically they invite to the meetings bankers with whom they have banking relationships.

Can you provide an estimate of the number of institutional investor organizations which sent representatives to your meetings (one-to-one or general) in the past 12 months?

40%, 44% and 44% respectively of the big, medium and small capitalization firms indicated that the buy side analysts and the institutional investors attend their presentations.

Can you provide an estimate of the number of individuals who have attended at least one of the group meetings (special or general) in the past 12 months?

3 company executives attended the group meetings with the local analysts and 2 the private ones. 2 executives attended the group meetings with the global analysts and just 1 the private ones.

b) Analysts: Do you participate in group presentations?

94% and 100% of local and global analysts replied that they attend group presentations by the listed companies either in Greece or abroad.

Do you participate to one-on-one meetings-presentations?

Similarly, the absolute majority (100%) of analysts participate in the private (one-to-one) meetings.

Which company officials represent the company at some or all of these meetings?

On average, 53% and 40% of the meetings, 74% and 10% of Directors of Research participate for local and global analysts respectively: the industry research analyst takes part, and 18% and 30% of teams of analysts go to these meetings.

Do you keep records of the proceedings of these meetings?

All analysts keep records of every meeting. It is a common phenomenon to see the analysts working continuously on their thick notebooks, writing quantitative and qualitative information and data that affect their perception, perspective, evaluation and appreciation. It is also intriguing to investigate whether the analysts "believe" what they write for others. One way to gauge and to judge such a matter is to read their notebooks carefully where they *"note and write down evaluations, even the body language of a CFO after a tough question"*, as a CFO remarked.

Who from the analysis department go to these private meetings?

77% and 80% of local and global Directors of Research participate in these important private meetings, and the industry analyst is there, while 44% and 40% - a combined team of analysts – are present at these meetings.

Do you go to group presentations, organized by the listed companies themselves?

Similarly, 77% and 80% respectively always go, and 65% and 90% often go.

How many of these meetings did your (analysis) department attend in the past twelve months?

On average, the local analysts participate in 80 group presentations (including those that the Association of Greek Fund Managers (AGII) and the Greek Brokers Association (SMEXA) organize every week, that is 50+50=100 annual official group presentations in addition to the companies' voluntary and own conferences) and 120 private ones, while the London based analysts who cover Greek stocks take part in 45 group and 85 one-to-one annual presentations on average.

Approximately how many company officials are invited to these meetings?

At the group and private meetings with the local analysts, 5 top company executives participate while 3 top managers take part with the global analysts.

Do you go to group presentations organized by other brokerage firms or banks?

When analysts were asked if they go to the group company presentations that are organized by the other brokers or other brokerage research departments, they replied that 77% and 80% of local and global analysts respectively always go, and 65% and 90% often go.

Do you set up the meetings or the listed company?

In answer to the question of who is the originator of these meetings, it emerges that the research department itself is responsible (41% for the local and 40% for the global analysts). For 29% and 20% respectively, the initiators of these meetings are the listed company's top management and the interviewed analysts (53% of the local analysts and 60% of the global analysts) acknowledged the IROs as the initiators of the meetings.

Can you provide an estimate of the number of individuals who have attended at least one of group meetings (special or general) in the past 12 months?

On average 3 people attended these meetings.

c) Fund Managers: Do you participate in group presentations?

77% and 100% of local and global FMs participate in group presentations by the Greek listed companies.

Do you participate in one-to-one meetings-presentations?

In 100% of both targeted groups (local and global) FMs participate in the private (one-to-one) meetings.

Who represents the fund at some or all of these meetings?

46% and 61% of those interviewed said that the top fund managers themselves participate in these group meetings. In addition, 69% and 94% stated that the industry fund managers take part, while 96% and 84% responded that the analysts participate, and finally 46% and 84% said that a team of people go to these group presentations.

Do you keep a record of the proceedings of these meetings?

All the FMs keep records of the proceedings during the group and the one-to-one meetings

Who represents the fund at some or all of these private meetings?

69% and 78% of top fund managers, 92% and 100% of the industry fund managers, 100% and 100% of the buy side analysts and finally 69% and 78% a team of people do take part in the private meetings.

Do you go to group presentations organized by the brokerage firms?

77% and 94% of local and global FMs replied that they always participate in meetings organized by the brokerage firms, while 38% and 6% respectively attend occasionally.

Do you go to group presentations organized by the listed companies themselves?

77% and 94% of local and global FMs replied that they always participate in meetings organized by the brokerage firms, while 38% and 6% of the local and global fund managers respectively indicated that they participate occasionally in meetings organised by the listed companies.

In how many of these meetings did your fund management company participate in the past twelve months?

On average, the local FMs participated in 120 general meetings while the global FMs went to 170 group presentations. In addition, the local FMs said that they had participated in 200 private meetings and the global managers took part in 500 one-to-one meetings annually on average.

Approximately how many officials from your fund are invited to these meetings?

Also, on average, 3 local and 5 global managers go to group presentations and 3 local and 3 global managers participate in one-to-one meetings.

Do you initiate and set up the meetings or the listed company initiates the meetings?

Table 8.13: Group and/or private meetings initiation

	Local FMs (%)	London FMs (%)
Fund	15	6
IRO	54	33
Top management	46	11
Brokerage house	54	39

When asked if they know who is organizing either the group or the private meetings, 15% of the local and 6% of the global FMs said that they themselves request these meetings; 54% and 33% replied that the IROs initiate the meetings; 46% and 11% believe that the top management want these meetings; and 54% and 39% respectively answered that brokerage houses plan and execute these meetings (Table 8.13).

Can you provide an estimate of the number of individuals who have attended at least one of group meetings (special or general) in the past 12 months?

On average, the local FMs interviewed estimate that 3 people participate in group meetings and 5 officials take part in one-to-one meetings. The global FMs interviewed replied that, on average, 2 people participate in the group presentations and 4 in the private ones.

6.2 Disclosure in the meetings

a) Top Management: Please indicate the types of information that your company provides to delegates (sell- side analysts and / or buy – side analysts and / or fund managers) at these meetings (special or general). In respect of those types of information that there are provided please can you indicate their relative importance?

By analyzing the value and type of information that is provided in these meetings it is observed that the "explanation of recent results" is valued highly by all companies (94%, 96% and 100%). The "explanation of accounting policies" is important and emphasized by 56%, 72% and 60%. The "additional breakdown of data by line of business and by geography", the "performance of recent acquisitions", the "research and development projects" and the "industry structure" are valued similarly. Of extreme importance for 100%, 92% and 86% respectively is the "explanation of strategy and structure". Concerning information on the future and projections, three groups of information are identified as being of great value. The first refers to the announcement and "explanation of major new projects and developments" by the companies that are valued highly (100%, 84% and 80%) by the three groups of companies (large-medium-small). The second includes information on "new products", "new contracts", "orders" and "R&D" issues, and it is valued moderately. Finally, the third is recognized as the most important for the buy and sell side professionals, and includes "prospects or forward statements" and "feelings on profits", "strategy as a whole and in parts", "acquisitions and investment plans", "cash flows" and "dividends" and "general outlook".

b) Analysts: Please indicate the types of information that the listed companies provide to delegates at these meetings (special or general). In respect of those types of information that are provided, please can you indicate their relative importance?

When they were also asked to evaluate the type of information disclosed in either group or private meetings, it was found that for both analyst groups (local and global), explanation of results and accounting policies were valued moderately: 94% and 80% and highly 6% and 20%, respectively (Table 8.14). Breakdown of figures by line of business and geography was marked highly: 47% and 40% and modestly 53% and 60% respectively. Performance of acquisitions and R&D projects was valued important at 76% and 100% and 88% and 80% respectively, and analysis of the B/S was extremely important, by 88% and 90% accordingly. In terms of future projections, four clusters of information valuation were identified by the local and global analysts. The first not-so-important element of information, referring to new projects, products, contracts and order book that affect sales, was valued as important at 80% and 90% on average respectively. The R&D efforts and immediate results of old R&D projects were valued slightly more highly for future cash flows at 90% and 100%. Sales and profits, cash flow and dividend estimation and budget were valued with the highest mark, 100%, by both groups. Finally, for short and long term strategic initiatives, orientation was marked with a very high value: 90% and 100% from both.

Table 8.14: Analysts' evaluation of types of company's information

	Local CFAs				London CFAs			
	1*	2*	3*	4*	1*	2*	3*	4*
i. Explanation of recent results in the context of the general economic environment (%)	-	53	41	6	-	40	40	20
ii. Explanation of accounting policies (%)	-	53	41	6	-	40	40	20
iii. Additional breakdown of published figures by line of business (%)	-	-	53	47	-	-	60	40
iv. Additional breakdown of published figures by geographical area	-	-	53	47	-	-	60	40
v. Performance of recent acquisitions (%)	-	23	53	24	-	80	20	-
vi. Outcome of completed research and development projects (%)	-	44	44	12	20	60	20	-
vii. Explanation of structure of balance sheet and gearing (%)	-	-	12	88	-	-	10	90
viii. Other (%)	-	-	-	-	-	-	-	-
ix. First announcement of major new projects and developments (%)	-	-	77	23	-	-	60	40
x. Further explanation of major new projects and developments that have already been announced (%)	-	53	47	-	-	20	50	30
xi. First announcement of new products (%)	-	71	29	-	-	60	40	-
xii. Further explanation of new products that have already been announced (%)	-	94	6	-	-	80	20	-
xiii. First announcement of new contracts (%)	-	94	6	-	-	80	20	-
xiv. Further explanation of new contracts that have already been announced (%)	-	94	6	-	-	80	20	-
xv. Current state of order book (%)	-	47	53	-	-	50	20	30
xvi. Prospects of current research and development projects (%)	-	65	23	12	-	50	50	-
xvii. First announcement of new research and development projects (%)	-	65	23	12	-	50	50	-
xviii. Further explanation of new research and development projects that have already been announced (%)	-	65	23	12	-	50	50	-
xix. First announcement of profits forecast (%)	-	-	-	100	-	-	-	100
xx. Further explanation of profits forecast that has already been made	-	-	-	100	-	-	-	100
xxi. Company strategy in the short term (%)	-	-	18	82	-	-	-	100
xxii. Company strategy in the long term (%)	-	-	18	82	-	-	-	100
xxiii. Company strategy for particular segments of the business (%)	-	-	12	88	-	-	-	100
xxiv. Company strategy on future acquisitions (%)	-	-	12	88	-	-	-	100

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

c) Fund Managers: Please indicate the types of information that the listed companies provide to your delegates at these meetings (special or general).

On average 76% of local and more than 80% of global FMs indicated that information on the general economic environment, accounting policies, recent acquisitions and progress on R&D projects is of minimal value, and only 20% on average from both groups find this information of good value (Table 8.15). The historic breakdown of figures by line of business and by geography is considered to be of higher value, and the explanation of the Balance Sheet accounts is perceived as useful information for their evaluation models. Information on new R&D projects, products and contracts were considered to be of moderate value, while information on strategy and its implementation is of high value. Finally, sales projections, profitability and cash flow forecasts, and dividend policy were considered to be very high value information which the top management discloses in group and private meetings.

Table 8.15: Fund managers` evaluation of types of company`s information

	Local FMs				London FMs			
	1*	2*	3*	4*	1*	2*	3*	4*
i. Explanation of recent results in the context of the general economic environment (%)	8	38	38	15	-	78	11	11
ii. Explanation of accounting policies (%)	-	38	38	15	-	56	50	22
iii. Additional breakdown of published figures by line of business (%)	-	-	62	38	-	28	50	22
iv. Additional breakdown of published figures by geographical area (%)	-	31	35	35	-	11	44	44
v. Performance of recent acquisitions (%)	-	38	38	23	-	44	44	11
vi. Outcome of completed research and development projects (%)	-	38	38	23	-	67	33	-
vii. Explanation of structure of balance sheet and gearing (%)	-	-	4	96	-	-	-	100
viii. Other (%)	-	-	-	-	-	-	-	-
ix. First announcement of major new projects and developments (%)	-	38	38	23	-	39	39	22
x. Further explanation of major new projects and developments that have already been announced (%)	-	35	38	27	-	39	39	22
xi. First announcement of new products (%)	23	46	31	-	-	50	28	22
xii. Further explanation of new products that have already been announced (%)	23	38	38	-	-	67	33	-
xiii. First announcement of new contracts (%)	31	31	23	15	-	56	44	-
xiv. Further explanation of new contracts that have already been announced (%)	31	31	23	15	-	56	44	-
xv. Current state of order book (%)	-	35	46	19	-	-	-	100
xvi. Prospects of current research and development projects (%)	-	38	38	23	-	56	44	-
xvii. First announcement of new research and development projects (%)	-	38	38	23	-	56	44	-
xviii. Further explanation of new research and development projects that have already been announced (%)	35	46	19	-	-	56	44	-
xiv. First announcement of profits forecast (%)	-	-	-	100	-	-	-	100
xx. Further explanation of profits forecast that has already been made	-	-	-	100	-	-	-	100
xxi. Company strategy in the short term (%)	-	-	38	46	-	-	16	84
xxii. Company strategy in the long term (%)	-	-	15	85	-	-	-	100
xxiii. Company strategy for particular segments of the business (%)	-	-	38	62	-	-	16	84
xxiv. Company strategy on future acquisitions (%)	-	31	31	38	-	-	78	22
xxv. Company strategy on future disposals of segments of the business	-	31	31	38	-	-	72	28

*1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

To summarize, the general (group) and special (one on one) meetings are highly value by the interviewed listed companies and their top executives do participate in these meetings. The number of meetings, however, is not satisfactory and most of the big, medium and small companies indicated that they like to have more group and private meetings. In addition, they are not satisfied with the participation rate of the analysts, fund managers, brokers, and bankers to the meetings, in reference to the number of the invitees. Finally, the majority of companies valued the information given during these meetings as highly important. The group and one-on-one meetings are highly valued by the interviewed analysts who participate in these meetings and request a range of company information such as projections, strategy, breakdown, etc. The majority also of the fund managers interviewed prefer to participate in group and private meetings with the listed companies. since they have the chance to meet the top executives, extract information directly and confirm and evaluate the company personally.

Question 8.7.0-Telephone conversations with FAs and FMs

In this subsection. the communication of company's information via telephone is evaluated by the interviewees. The use of telephone by the analysts in the communication of company's information from and towards the investment community is a preferred means of communication since it is direct, cost and time efficient and guarantees fast accessibility. especially by the use of mobile telephony. Analysts use the fixed and mobile phone extensively to ask, define. report, give feedback, participate in the conference calls and even "retaliate" to an investment story they cover and to the company's top managers. In this section. the use and the reliability of the telephone (land and mobile) are evaluated also by the information end users and investors.

7.1 Telephone communication

a) Top Management: Does your company engage in telephone conversations with analysts?

All companies use the telephone extensively to convey information, especially when the mobile telephone is available.

Please indicate the company personnel who answer telephone enquiries from analysts (sell side and / buy side) and / or fund managers.

The Chairman of the BoD of the large caps uses this means of communication only 12% of the time. The CEO of the big players spend more time on the telephone, up to 38%, while the CFO reaches 75%, and lastly all (100%) IROs of the large caps continuously use receivers and cell phones. For the medium capitalization companies, telephone use by the Chairman reaches 36%, that by the CEO 48%, by the CFO 72%, by the IRO 68%, by the Chief accountant 24% and 28% by the registry "metochologio" department. It is interesting to note that the IRO's telephone-participation is less than that of the CFO, and that is because of the "nature of the IR profession in the medium and small companies". where the IRO or IR professional is not actually qualified to communicate and answer requests. questions, etc., and therefore this job is done by the CFOs (the CFO is acting as IRO as well, in essence). The smaller the company the more telephone active is the Chairman of the BoD (43%). The same goes for the CEOs, who participate with 49%. again indicating that the "top executives in smaller companies are heavily and personally involved with the market players. even via the phone". an IRO stated. On the contrary. the IRO's usage of phone (fixed lines and cell phones) is on a reverse course: "the smaller the company the less IR involvement". the same IRO added, (63%).

indicating that "IROs at small caps have to improve themselves and stand up to the difficult and demanding questions and requests", as a majority owner and CEO of a FTSE-80 company indicated. The use of the telephone by the CFO is similar across the companies (75%, to 72% to 74% respectively). Lastly, other executives, such as the Chief Accountant and the metochologio people, answer calls, from the medium (24% and 28%) and the small (28% and 44%) firms, whereas this does not happen in the large caps.

Do you keep a record of these telephone conversations?

Of the large caps, 13% record telephone conversations on tape and 25% write down notes, while a large percentage (62%) do nothing. From the medium caps, 8% use tapes, 40% write notes and 52% do nothing. Finally, of the small caps, 12% use tape recorders, 34% use notebooks and 54% make no effort to record.

b) Analysts: Do the analysts from your research department engage in telephone conversation with targeted listed companies?

All analysts fully exploit the use of the telephone (fixed and mobile).

Please indicate who from the department's personnel answers telephone enquiries.

As table 8.16 shows, the local analysts prefer to talk to the Chairman of the BoD (24%) and approximately the same applies to the global analysts (20%). It is found that 77% of the locals and 60% of the globals talk to the CEOs, and a large proportion of the interviewed analysts, 94% and 90% respectively, call the CFOs. Similarly, 97% and 100% call and talk to the IROs. Some, 29% and 20% respectively, even call the Chief Accountant (especially at the companies with no CFOs), 24% and 10% talk to the Marketing Directors and lastly 12% of the local analysts speak to the PR people.

Table 8.16: Analysts' telephone communication with the top management

	Local Analysts (%)	Global Analysts (%)
Chairman of the BoD	24	20
CEO	77	60
CFO	94	90
IRO	97	100
Chief Accountant	29	20
Marketing Director	24	10
Head of PR	12	-

Do you keep a record of these telephone conversations?

68% and 100% respectively keep detailed notes during a telephone conversation, whereas 21% of the local analysts replied that they keep no notes. 12% of the local analysts do tape at least important telephone conversations.

c) Fund Managers: Does your fund management company engage in telephone conversations with targeted listed companies?

All FMs use the telephone extensively.

Please indicate with whom you talk from the listed company or who answers the telephone enquiries from the listed companies?

38% and 94% of local and global FMs talk to the Chairman of the BoD; 77% and 100% respectively speak to the CEOs; 92% and 100% talk to the CFOs; 92% and 100% talk to the IROs; and 23%, 8% and 4% of the local FMs speak occasionally to the Chief Accountant, Marketing Director and Public Relations Director.

Do you keep a record of these telephone conversations?

8% of the local FMs use a tape recorder for important telephone conversations with the top management; 100% of the locals and 100% of the globals make notes during the telephone conversations; and 31% of the locals do not use anything.

7.2 Disclosure via telephone

a) Top Management: Do you believe that the information provided (by using the phone) is useful and added value to your evaluation of the listed firms?

88%, 92% and 100% of the big, medium and small interviewed companies believed that the information communication over the phone is of high value. And *"usually telephone conversations are explanations on information published"* a CFO mentioned.

b) Analysts: Do you believe that the information provided (by using the telephone) by the companies is useful and value added to your evaluation of the listed firms?

In terms of the value of the information coming from telephone conversations, 74% and 80% of the analysts respectively (local and global) believe that they add good value to their evaluation of the targeted firms, their management, and underlying stocks, and only 26% and 20% indicated that the telephone conversations are partially useful.

c) Fund Managers: Do you believe that the information provided (by using the phone) by the companies is useful and adds value to the evaluation of the listed firms?

When asked if the information provided over the phone (fixed line or cell) is useful and value added for the FMs in their evaluation of the targeted listed firms, 58% and 89% of local and global FMs respectively replied that it is very useful, while 38% and 11% respectively replied that the information is partially useful.

In summary, the research indicated that the top executives (the BoD Chairman, the CEO and the CFO) across the interviewed companies are mostly involved with telephone communication with the market players. In contrast, it was found that other important managers such as the chief accountant, the marketing director. et al. do not participate in the telephone communication of information. A large majority of all companies do not keep any records of their telephone conversations. The research indicated that the local and global analysts rate the telephone as important and use it often to communicate with the top executives of the listed firms. The research finally indicated that the fund managers are constantly involved with telephone communication with the top executives of the listed companies, the analysts and other market players. The majority of the fund managers do keep some kind of records of their telephone conversations.

Question 8.8.0 - Company feedback on sell-side analysts' reports

Information disclosure via intermediaries and especially via the sell side analysts, as mentioned, is very important not only in terms of promoting but also in terms of evaluating the listed companies. The companies' feedback on the reports written by the sell side analysts is a major tool that creates reliability on the management and the information by them. It also increases visibility and justifies evaluations to all market players and especially to financial and strategic investors. In this subsection, the feedback on the analysts' reports is evaluated by the analysts themselves. The concerns of accessibility to the insiders and credibility to the information given to them are somehow eliminated by the existence of the IROs. A London-based analyst said in an HIRI conference: *"I do not trust the chairman of the board – and major shareholder - and the information he gives me but I do trust that the IRO will supply me with real story, since he/she is professional and expects the market to believe him/her"*. The concerns and the insecurity by the analysts not to be far from the market opinion on the targeted company, drives the analysts to communicate and consult with other market players such as brokers, traders, corporate finance people, bankers, et al. In turn, this creates the need for these market players to be well informed as well and, if possible, concurrently by the IR office. In this subsection also, the fund managers appraise the comments and directions of the IROs, CFOs and CEOs on the analysts' research reports. These top executives constantly send feedback to both sell side and buy side analysts, and this communication process is regarded as an important IT tool for the listed companies. In this section the interviewees evaluate the quality and quantity of the market intermediaries such as the analysts, the brokers, the financial journalists, et al., to the communication of their companies.

8.1 Communication via Analysts' reports

a) Top Management: Can you state the approximate number of reports on your company that have been produced by sell – side / brokers' analysts in the past twelve months?

On average the annual number of reports done for the large companies is around 35, for the medium companies the number is 17 and for the small companies it is 7. In other words, the small Greek market justifies "the global trend of diminishing coverage for the small companies", especially in recent years, a CFO said.

Can you state the approximate number of reports that have been passed to your company for comment prior to issue in the past twelve months?

All research before printing and moving to the public domain was checked by the top management.

What action does your company take when it receives a draft analyst's report for comment or when an analyst telephones to discuss his \ her draft report?

All companies, when they receive the draft from the analyst, both correct factual errors and comment on the analyst's prediction and forecasted figures. *"Comments are offered on the accuracy of the analysts' prediction when they are too far from the reality", a CFO said.*

Who are the Executives that are designated to comment on drafts of the research reports?

The authorized person to comment on the draft report is the IRO primarily and the CFO comes second. Indeed, for the large caps, 12% are answered by the Chairman, 38% by the CEO, 56% by the CFO and 88% by the IROs. For the medium caps, 28%, 64%, 80% and 76% are answered by the BoD Chairman, CEO, CFO and IRO respectively, while 34%, 49%, 63% and 71% are the percentages for the small ones.

Please can you specify your company's policy when asked to comment on analysts' profit forecasts?

Only the top management is designated to comment on the analysts' profit forecasts.

Who are the Executives that are designated to comment on the analysts' profit forecasts reports?

Four top executives were identified as those designated to comment on the analysts' forecasts: As it is shown in table 8.17, the top management is committed to direct and full disclosure of the company's information through the reports. Furthermore, *"comments are made only if grossly out of line"*, a Chairman stated.

Table 8.17: Comments by the management on Analysts' reports.

	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
Chairman of the BoD	75%	80%	86%
CEO	100%	92%	94%
CFO	100%	92%	83%
IRO	100%	76%	69%

If your company does make comments on analysts' forecasts, please can you indicate your procedure?

Specifically, in terms of commenting on the forecasted numbers: no comment is made if the forecast is reasonable by 12%, 16% and 17% of big, medium and small firms: confirmation of reasonable forecasts by 88%, 84% and 77% respectively; guidance is given in case of unreasonable forecasts by 100%, 92% and 94% and guidance is given always, even for minor issues, by 56%, 68% and 63%. *"The IRO gives guidance relating to issues that the analyst has misunderstood about the company, and sees that the company's prospects, strategy and current position are understood by the analyst and the market, so as to prevent the market from being faced by surprises. The IRO never interferes with the analysts' opinions, assumptions, judgments and comment; it, just makes sure that they have a clear picture of the company so that their research is based on solid information"*, a CFO declared.

How would you rate the quality of analysts' reports, from all sources, that are made on your company?

When listed companies were asked to evaluate the quality of the analysts' reports of the companies 12%, 16% and 17% of the big, medium and small firms rated the reports with a "very good" mark, 38%, 36% and 29% marked them "good", 38%, 24% and 29% said that the reports are mediocre and 12%, 16% and 23% assigned them a poor and very poor mark.

Therefore, it is observed that when the companies rate the analysts' reports well above average, they indeed put a value on the evaluation of their companies by the sell-side and buy-side analysts, and consequently believe that the information that these people have is correct, and moreover they can access management, prospects and strategy well. Moreover, given the "personal" dimension of the small Greek market, the extreme majority of the analysts know both top management and founder major shareholders well, where sometimes these roles, as already mentioned, overlap or at least coincide in Greece.

Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with sell – side / brokers' analysts.

By trying to evaluate companies' relationship with major and important market players such as the sell side and the buy side analysts, the broker and sales people and finally the media people, it can be seen that the companies think alike and evaluate similarly, if not in the same way, their relationship with these four groups of market players. In more detail, with the exception of some different partners on the sell side evaluation for the remaining three groups, the pattern is the same. Thus, 88% and 12% of the FTSE 20 companies, 84% and 16% of the 40 and 89% and 11% of the 80, believe that the meetings with the sell side are of high and moderate importance respectively, and also the telephone conversations are of the highest importance (100%). In contrast, all big, medium and small caps totally (100%) disregard any inactivity in terms of meetings, telephone talks and guidance. In addition, 88% of big companies believe that the sell side tries hard to evaluate objectively their companies without focusing either on the short term profitability or on the long term prospects, therefore losing sight of the current value of the companies. The same applied for the medium and small companies.

Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with buy – side analysts and fund managers working for institutional investors.

100% of the FTSE 20, 40 and 80 believe that the meetings with the fund managers and the buy side are of high and moderate importance respectively, and also the telephone conversations are of the highest importance (100%). In contrast, all big, medium and small caps totally (100%) disregard any inactivity in terms of meetings, telephone talks and guidance. In addition, 100% of big, medium and small companies believe that the sell side tries hard to evaluate objectively their companies without focusing either on the short term profitability or on the long term prospects, therefore losing sight of the current value of the companies.

Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with traders and sales people.

100% of the FTSE 20, 40 and 80 believe that the meetings with the traders and the sales people are of high and moderate importance respectively, and also the telephone conversations are of the highest importance (100%). In contrast, all big, medium and small caps totally (100%) disregard any inactivity in terms of meetings, telephone talks and guidance. In addition, 100% of big, medium and small companies believe that the sell side tries hard to evaluate objectively their companies without focusing either on the short term profitability or on the long term prospects, therefore losing sight of the current value of the companies.

If you have any opinions or ideas concerning how company communications with sell – side / brokers' analysts, buy – side analysts and fund managers should be conducted in the future please can you state these below?

No comments.

b) Analysts: Do you utilize an industry specific analyst?

47% of the Greek analysts utilize a specialist industry analyst and 100% of the London-based analysts do so.

How many firms you cover each year?

On average, the local analysts cover 50 listed companies while the global analysts cover 15 firms each. *"10 companies per analyst is our goal but in reality each analyst covers 6 companies well"*, one local director of research indicated.

Before you evaluate a stock, do you consult with your trader and/or the corporate finance department?

When the analysts were asked if they consult with traders, sales people or corporate finance professionals when they are researching and writing reports for a listed company, 59% of the local and 100% of the global analysts answered negatively. 6% and 60% replied that they talk informally a little for the company, the management, etc., and 44% and 20% accept that somehow they collect information and opinions, either formally or informally, from other market players on the targeted stock and company.

Before you evaluate a stock, do you consult with other sell-side analysts' reports?

When the interviewees were asked if they consult with other analysts' reports and coverage on the targeted companies and targeted industry, 26% and 10% respectively replied that they never do so, 21% and 80% accepted that they do it on a minor level and 53% and 10% do read carefully almost all other reports written on the targeted companies and industries.

Before you issue the analysis report, how many times do you meet with the top management of the targeted firms?

Before printing the analysis report, both local and global analysts declared that they meet with the Chairman of the BoD at least once. The local analysts meet the CEO on average twice while the global analysts do so just once. Indeed, it is probably *"a matter of distance; when we come to Athens we meet with many top managers of many companies in one day while the local analyst can have the opportunity to pay a visit more often"*, a London-based analyst declared. In the same mode, the local analysts meet the CFO 3 times and the global analysts just once. Finally, the number of meetings with the IRO increases to 4 times before the report publication, but stays at one time for the global analysts.

Do you visit the premises/headquarters of the targeted company?

88% and 100% respectively of the analysts visit the premises and headquarters before they publish their report on the respective targeted company. Only 12% of the local analysts *"walk on the ground premises after the coverage"*, as one said.

How many times do you visit the company (site visit - aside from the headquarters) before or after the report?

On average, 24% and 20% of the analysts respectively visit at least once the operations (factories, distribution centres, R&D departments, etc.) of the targeted company, while 82% and 80% pay a visit more times.

How would you compare the quality of analysis carried out by sell –side / brokers' with that of buy – side analysts working for institutional investors?

When the interviewees were asked to evaluate in more depth and further compare the reports by the sell side and the buy side (when known): 19% of the FTSE 20 companies replied that the sell side reports are better than the buy side ones (like to like); 25% find the reports of equal value; 37% said they are worse than the respective reports by the buy side counter reports; and 19% of the companies could not offer an evaluation. Similarly: 20% of the FTSE 40 medium cap companies believe that the sell side reports are better than the counter part buy side; 32% find them of equal value; 32% also value them to being worse than the buy side one; and 16% avoided evaluating or, better, disclosing their evaluation.

Finally: 20% if the small caps (FTSE 80) find the sell side reports better than the counter part buy side reports; 26% assess them with an equal value; 34% find them worse; and 20% did not want to reveal their opinion and preferences.

c) Fund Managers: Do you utilize a buy side analyst?

On average, 77% and 100% of local and global FMs respectively do utilize sell side analysts' reports. This was made clear by the global FMs who need to utilize all possible local sources of information.

How many firms do you cover/follow each year?

On average, the local FMs follow up to 60 listed companies, while the global FMs closely watch 40 listed companies of the ASE. A fund manager commented: *"It depends on the conditions of the market and the timing and restructuring of our portfolios"*.

Do you consult with your analyst before you invest in a stock?

77% and 100% respectively (local and global FMs) disclosed that they consult with their buy-side analyst before they take the decision to invest in any particular stock.

Do you consult with the sell-side analysts' reports, before you invest in a stock?

Also 62% and 56% of local and global FMs consult and read the (sell side) analysts' reports carefully before they invest in a stock, while 38% and 33% respectively consult slightly with the sell side.

Do you find the sell side analyst reports on the listed companies sufficient?

69% and 100% respectively do find the reports on the listed companies sufficient and of value to their decision-making process, while 46% and 56% respectively find the reports partially and occasionally satisfactory.

Do you visit the premises/headquarters of the targeted company before you invest?

100% of all FMs do visit the headquarters or premises of the targeted companies before they decide to invest in them, while 50% and 100% visit the companies when they can.

How many times do you visit the company before or after the investment?

88% and 84% of local and global FMs visit the companies before investing but also after they bought stock, while 96% and 84% visit them occasionally.

In summary, most of the interviewed companies value the feedback on the analysts' reports as an important communication and IR tool. The big, medium and small firms assign responsibility to the BoD chairman, the CEO, the CFO and the IRO to speak and comment on the companies' behalf, and giving guidance for major and minor issues has become a policy for the Greek listed firms. The executives interviewed declared that they value the analysts' reports as an important and effective communication tool. A greater number of top managers revealed that they place more value on the buy side analysis when compared with the sell side analysis. All Greek companies value highly the role of other intermediaries such as the brokers, the media people, et al. in the corporate communication process. Most of the interviewed analysts value the companies' feedback on their analysis reports as important and very helpful. Before the publication of their report they visit the companies' headquarters and other premises in order to have a "closer" look. Most of the fund managers interviewed utilize and consult the companies' feedback on the analysts' reports and value it as an important communication and IR tool. They also visit the targeted companies before they invest in them.

<u>Question 8.9.0-Mailing information to FAs and FMs</u>

The section describes the use of mail as a tool to convey company's information. The use of direct mail, as the preferred means of communication, is accepted by the analysts as well. It is surprising that while on-line communication continues to rise in use and popularity among the professional investment community, the old and traditional use of mail is still a favourite communication tool and the Greek IR offices use it and the analysts accept it. This section finally describes the use of mail as a corporate communication tool.

9.1 Disclosure via mail

a) Top Management: Does your company mail information to analysts?

The traditional way of mail is still very much in use in Greece, despite the recent global crisis and "mail" concerns after the terrorist attacks in the USA. On average, 100% of the FTSE 20, 80% of the FTSE 40 and 63% of the FTSE 80 send mail to the sell side analysts, and 100%, 72% and 49% respectively send mail to the fund managers.

Approximately how many organizations employing analysts receive information from your company by mail?

No comment

What type of information is sent to analysts and / or fund managers?

The large, medium size and small listed companies replied that they send out: Annual Report (100% across the board); Interior Reports (75%, 68% and 54%), respectively; Quarterly reports (44%, 44% and 40%); Filing documents to exchanges (25%, 8% and 6%); Take over documents (19% only by the large caps and no answer by the others); Company information and brochures and promotional literature (100%, 60% and 51%); Press releases (12%, 8% and 6%): Documents designated specifically for analysts (56%, 48% and 51%); Annual Report in English (100%, 60% and 40%); Interior report in English (75%, 36% and 31%) and Quarterly reports in English (44%, 16% and 17%).

b) Analysts: Do you receive mailed information from the listed companies?

The absolute majority of the analysts frequently receive information about the companies via traditional mail.

What type of information do you receive?

All the analysts interviewed receive annual reports, interim and quarterly reports and official announcements, and 71% of them also receive additional print material, i.e. promotional material.

c) Fund Managers: Do you receive mail information from the listed companies?

All FMs receive mailed information from the listed companies, and only 46% and 78% replied that they occasionally receive mail.

What type of information do you receive?

Most of the fund managers receive information in Greek and in English, such as Annual Reports, Interim, Quarterly results, etc. as well as the official filings to the ASE, LSE and NYSE; while 54% and 67% respectively received takeover documents via the mail, 62% and 89% receive different marketing brochures and promotional literature and 62% and 67% receive material designed specifically for analysts (Table 8.18).

Table 8.18: Mailing information to the fund managers

	Local FMs (%)	London FMs (%)
Annual report	100	100
Interim report	100	100
Quarterly reports	100	100
Copies of announcements sent to the company news service of the ASE / LSE / NYSE / NASDAQ	100	100
Takeover documents	54	67
Company information brochures and other promotional literature	62	89
General press releases	100	100
Documents designed specifically for analysts	62	67
Annual report in English	100	100
Interim report in English	100	100
Quarterly reports in English	100	100

To summarize, the majority of the Greek listed companies use the mail extensively to post annual reports, press releases, filling documents and other information. The analysts interviewed indicated that they receive companies' material such as annual reports, filled documents, press releases and other promotional items via the mail. The majority of the Greek and global fund managers also indicated that they receive a large amount of corporate information such as annual reports, filing documents, etc., through the mail.

Question 8.10.0- Roadshows (visiting FMs)

The companies' roadshow communication policy is analysed in this subsection: what kind of roadshows the Greek companies are involved in; who is organising the offering, the relationship and the proactive roadshows is important information since roadshows help the visibility, the trading and liquidity of the shares and the evaluation of the listed firms, especially the smaller ones. As mentioned before, the roadshow is a favourite means of communication by the Greek listed companies, since they like to "get on the road" in order to promote their investment case. In this section, the views of the analysts are presented in order to evaluate roadshows, especially the proactive ones (initiated by the company) as a communication device. It was also mentioned that roadshows - especially proactive roadshows - are a very effective but expensive communication policy for the listed company and, as the research indicates, the smaller capitalization companies need it most while the bigger capitalization entities can afford it. Furthermore, the roadshow programme is preferred by the fund managers, especially those of the smaller companies, since they have the chance to "receive" a group of the top management (CEO, CFO and IRO) at their office bases, where the fund manager, the buy side analyst and the country analyst can join the presentation.

10.1 Disclosure via roadshows

a) Top Management: Do you implement a roadshow communication policy?

The majority of the big capitalization firms constantly implement a roadshow communication policy, but only 52% of medium caps have a roadshow programme and 40% of the small firms do so.

Is it tactical, offering related or proactive roadshow?

The types of roadshows that the Greek (big, medium and small) firms are involved with is shown in the table below.

Table 8.19: Roadshows by the Greek listed companies.

Roadshows	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
Offering	44%	28%	6%
Relationship	75%	20%	14%
Proactive	25%	44%	29%
Combination	56%	44%	29%

It is observed that the major players, (mostly government stocks that become joint-stock companies) utilize vastly secondary offerings and offer roadshows in order to decrease state ownership, while the medium caps (on average 500 million Euros capitalization) use offering roadshows, mostly through private placements, and only 6% of the eighty (80) small cap companies use offering roadshows. *"Placements motivate relationship roadshows and every quarter we from the top management, at least the CFO and IRO, have to go around to investors and even prospective investors to explain the results and the financials"*, a CFO said. A slight decrease of relationship roadshow companies is also observed (compared with the other types of roadshowing). One explanation is that some medium size companies do not follow the "exact"- typical relationship paradigm, (that of informing the investors quarterly). A second explanation is that before this research, the activity of roadshow was not identified and measured, and might have a distorted effect on the research data. A third explanation is that the small cap firms in particular go around and promote their investment cases and stories to prospective investors or to no-current investors, and because they see/visit these investors twice a year or at least once every year, they consider these roadshows to be relationship ones. With reference to the proactive roadshows, it is observed that the major players are not trying hard enough, and only 25% initiate such roadshows, while almost half (44%) of the medium and 29% of the small ones are trying hard to make their story known and to be visible to the fund managers. *"The "catering" of new investors resembles fishing in the ocean (for small and medium companies) and like catching the salmon on the upstream river (for the big caps) where the job is much easier"* another CFO declared.

b) Analysts: Do you prefer a roadshow communication policy by the listed companies?

All analysts from the sell side prefer the roadshow communication policy, because *"roadshows proliferate and create strong demand for our product, the research reports on the companies"*, one local analyst said. Most of the targeted institutional investors ask for the analysis reports on the company before the meeting with the management. That is because the majority of the Greek companies are generally not known, even to the major global investment managers, and the research by the analysts is a vital information tool (along with the company's site information) before the meeting.

Do you prefer tactical, offering related or proactive roadshows?

Among the different types of roadshows, all London-based analysts prefer equally any type of (offering, relationship, proactive or a combination) roadshows, but the local analysts have a different set of preferences, that is 41%, 100%, 82% and 88% of offering, relationship, proactive or a combination of roadshows implemented by the listed companies.

Do you organize roadshows in Greece for global stocks?

Only 12% of the local analysts but 90% of the global ones do organize roadshows for global (non Greek listed) stocks targeting Greek institutional money (fund managers, pension funds, etc.).

c) Fund Managers: Do you prefer (as a communication tool) a roadshow communication policy by the listed companies?

The absolute majority (100%) prefer the roadshows communication policy. A fund manager explained: *"It helps a lot on our overall judgment on the company; it boosts the attractiveness of the stock, especially if the roadshow is specifically targeted".*

What kind of roadshow (tactical, offering related or proactive) do you prefer by the listed companies?

All global FMs (100%) participate and like all types of roadshows (offering, tactical and proactive) because they get the opportunity not only to see the top management face to face but also to have a detailed analysis of the company's strategy. its implementation steps and financial objectives by the listed firms. Of the local FMs. 85% prefer the offering roadshows. 69% like the relationship ones. 73% favour the proactive ones and 62% participate in all types.

Are you targeted by non Greek stocks?

When asked if they are targeted by non-local listed companies, 50% and 100% of the Greek and global FMs said they are targeted, for their money, by European listed companies, while 12% and 44% respectively said that they are targeted by American listed firms and 8% and 100% by neighbouring countries' listed companies. One respondent said: *"Not directly. The information is done through the professional references by our consultants in the foreign investments".*

Do you participate in Global Investor Conferences?

8% and 16% respectively said that they do participate in Global Investor Conferences. A local FM said: *"Participate selectively; up to now the participation was after the invitation of the CEO and the Top Fund Manager of the fund management company (AEDAK)".*

10.2 Tactical roadshows

a) Top Management: If you do use tactical roadshows, how many times per year and where?

In respect of the tactical/relationship roadshow, roughly 12% of the big firms go out once a year, 50% twice a year and another 12% more often. Similarly, 12% and 8% of medium firms implement tactical roadshows once and twice per year respectively. Finally, 6%, 6% and 3% of small firms use tactical roadshows, respectively, once, twice and more per year.

Who participates from the company (in the relationship roadshows)?

With reference to participation in the relationship or tactical roadshows, it is observed that of the big companies, 25%, 63%, 75% and 63% involve the BoD Chairman, CEO, CFO and IRO respectively, while for the medium caps involvement is 12%, 20%, 20% and 20% and for the small firms it is 6%, 11%, 14% and 14% respectively (Table 8.20). It is worth noting that for the big firms fewer IROs (compared with the CFOs) participate in the tactical roadshows, where the involvement of the IR is absolutely imperative. The small number of experienced and effective IROs and *"the qualification of the IR professional that distinguishes him/her and is able to stand along with the CFO in a tough one-on-one meeting, around the world and not simply play the caretaker person"* are essential, according to a CEO of a medium size company.

Another point is *"the equal weight and importance of CEO, CFO and IRO for medium companies as an effective triad"*, as a BoD chairman correctly indicated; this applies generally to the small companies as well.

Table 8.20: Relationship roadshows management participation.

Executives	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
BoD Chairman	25%	12%	6%
CEO	63%	20%	11%
CFO	75%	20%	14%
IRO	63%	20%	14%

Who organizes it? (Logistics, selecting the targets, pre-marketing, etc.)

The organizer for the large caps is often the global banks [31%] (such as Credit Suisse, Citibank, HSBC, Lehman Brothers, etc.); the global underwriters [25%] (who are the aforementioned global banks); the Greek banks [19%] (especially NBGI, Alpha); the Greek brokerage securities firms [19%] (P&K Securities, Beta Sec., etc.) and the company itself [12%] (Table 8.21). The medium caps report that organizers are the global banks (4%), the Greek banks (16%), the Greek brokerage firms (20%) and the company (4%). Similarly, the small caps indicated that organizers are the global banks (3%), the Greek banks (11%), the Greek brokerage firms (14%) and the company (6%).

Table 8.21: Relationship roadshows initiation and implementation.

Institution	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
Global Bank	31%	4%	3%
Global Underwriter	25%	-	-
Greek Bank	19%	16%	11%
Greek Broker	19%	20%	14%
Company / IRO	12%	4%	6%

Do you organize / implement "Analysts' Presentation" (both domestic in Athens and global in London) with the year-end results or the H1 results?

The large caps declared that they participate fully (100%) in the local analyst presentations and 31% in the London ones, once a year (44%) and twice per year (31%). 8% of medium caps use London and 80% join the Athenian presentations, 80% at least once a year and 56% twice. Finally, 11% of the small caps join London and 69% Athens, 97% at least once per year, while 34% twice per year.

Does the IR help or plan or direct the focus of the roadshow in terms of geography (London, Frankfurt, Milan, Paris, Boston, etc.) and in terms of funds specialization (hedge funds, mutual funds, pension funds, etc)?

The IROs help considerably, in terms of targeted geographic cities, 50%, 24% and 26% for large, medium and small companies respectively, probably *"due to the insights and knowledge that they have from analyzing the shareholder registry"*, a CEO explained.

"The use of the opinion leaders is that if you have one or two shareholders in Boston, then the smart IRO can use them as referrals to talk to FMs in the same city" another CEO added. Of course. *"cities can be identified by research, especially when the IRO goes to global IR conferences"*, a third CEO said. In terms of targeted funds type (mutual. pension. etc.) the IRO helps equally: 12%. 12% and 14% for all companies. The same behaviour is observed for the industry funds (12%, 12% and 14%) and finally, with the market size funds, the IROs help greatly by 38%, 36% and 34%, inducing targeting and planning of the roadshow. *"mainly in London and towards the USA cities, while for other European countries more rarely"*, a CEO declared.

b) Analysts: How many times per year do listed companies visit you?

When asked to count the visits by the companies, 77% and 50% of the analysts respectively indicated one visit per year. 41% and 40% get visits twice per year, 35% and 10% have more visits annually and 53% and 30% have never received visits by the companies.

Who participates from the listed company?

Concerning what they see and whom they meet during these roadshows, the analysts, both local and global, replied that 24% and 30% of the time they meet with the CEOs, 53% and 50% see the CFOs and 74% and 70% get together with the IROs. *"The IROs, the CFOs and the CEOs in order of importance, are the most proactive executives that go around promoting their investment cases"*, a London based country analyst asserted.

Who initiates and organizes the roadshow?

When the analysts asked if they know who is organizing the roadshow for the companies. 62% of the local and 30% of the global answered they perceive that the IROs plan and implement the roadshows. 44% and 40% respectively replied that "they themselves", that is, the analyst departments from the sell side initiate and organize the roadshows. Finally, 44% of the interviewed local analysts and 20% of the global ones assigned the organization of the roadshows to other brokerage firms.

Does your research department or your brokerage house organize offering roadshows, targeting Greek clients?

When asked if they themselves or the brokerage house they work for organize offering roadshows, 35% and 30% respectively replied that the analysis departments do so; 29% and 50% believed that the sales people of the brokerage house do so; 29% and 40% indicated that it is a joint effort between the brokerage house/bank and the company; 9% and 20% said that it is done by an external consultant/roadshow specialist; and 12% and 40% responded that it is organized by a global bank (Table 8.22).

Table 8.22: Analysts' opinions on the roadshow initiation and implementation

	Offering Roadshows		Relationship Roadshows		Proactive Roadshows	
(%)	Local FAs	Global FAs	Local FAs	Global FAs	Local FAs	Global FAs
Analysis department	35	30	41	60	18	50
Sales People and Brokers	29	50	44	80	24	50
Both	29	40	29	50	18	50
In cooperation with the IRO of the listed company	29	40	21	50	24	50
In cooperation with an external IR consultant	9	20	9	30	6	10
In cooperation with other market players	9	20	6	30	12	10
In cooperation with a global Bank	12	40	18	50	12	30

Does your department or your brokerage house organize relationship roadshows, targeting Greek fund managers?

As the table 8.23 shows, 41% and 60% of the analysts respectively replied that their own analysis departments (out of the local brokerage houses or global banks) organize such roadshows, especially every quarter or at least twice per year following the announcements of the results. Additionally, 44% and 80% of the local and global analysts consider that the salespeople and brokers initiate and execute these relationship or tactical roadshows. *"It is obvious and easy for us, the analysts and the brokers alike, because we are the people who know in person the end users, the fund managers; we know their profile, their investment philosophy and style, how much they know about the companies and therefore not only do we try to keep them happy with a continuous and constant flow of information on targeted listed companies but also we try to educate the top management of the companies in the profile of the fund managers as well as the necessity of the continuous disclosure and personal meetings"*, one global analyst said. 21% and 50% of the analysts believe that the IROs of the companies give sufficient help for the success of these relationship roadshows. 9% and 30% said that it is done by an external consultant/roadshow specialist. Finally, 18% and 50% responded that it is organized by a global bank.

c) Fund Managers: How many times per year do listed companies visit you?

The interviewees declined to give a definite answer. One of them replied that: *"There is not a specific frequency"*.

Who participates from the listed company?

The interviewees declined to give a definite answer to this question also.

Do you know who is organizing it?

As table 8.23 shows, 56% of the global FMs of the Greek listed companies participate in the roadshows organized by the local big banks, while 38% and 33% of the local and global FMs go to roadshow meetings organized by a Greek bank; 58% and 67% go when it is organized by a Greek brokerage firm, and 77% and 44% participate when the roadshow is organized by the company itself.

Table 8.23: Fund managers' opinion on who initiates the roadshows.

	Local CFAs (%)	London CFAs (%)
Global bank	-	56
Institution	31	33
Greek bank	38	33
Greek brokerage firm	58	67
Other	-	-
Company itself	77	44

Do you know if the IR help, plan and direct the focus of the roadshow?

When the fund managers were asked, based on their knowledge of the involvement of the IROs, who organizes the roadshows and directs the targets, 62% of the local and 67% of the global FMs replied positively, while 35% and 33% replied sometimes.

Do roadshows help you comprehend the listed companies better?

77% and 89% of local and global FMs respectively declared that the roadshows help them exponentially comprehend the listed companies better, while 23% and 11% respectively replied that they do help moderately.

10.3 Proactive roadshows

a) Top Management: If you organise proactive roadshows, how many times are they held per year and where?

19% of the large caps implement proactive roadshows once per year and 6% twice per year. Similarly, 24% of the medium caps use proactive roadshows once per year and 20% twice per year, and 14% of the small firms participate equally once and twice per year.

Who participates from the company?

It is observed that no BoD Chairmen of the big firms participate in these opening "doors" roadshows, while 6% of CEOs, 12% of CFOs and 19% of IROs participate.

From the medium size firms. 8% of Chairmen. 24% of CEOs. 28% of CFOs and 40% of the IROs take part in the proactive roadshow. and finally for the small caps 11% of the Chairmen, 9% of the CEOs. 14% of the CFOs and 29% of the IROs do participate in the proactive roadshows (Table 8.24).

Table 8.24: Proactive roadshows management participation.

Executives	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
BoD Chairman	-	8%	11%
CEO	6%	24%	9%
CFO	12%	28%	14%
IRO	19%	40%	29%

Who organizes it? (Logistics, selecting the targets, pre-marketing, etc.)

Table 8.25: Proactive roadshows initiation and implementation.

Institution	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
Global Bank	6%	4%	-
Global Underwriter	6%	-	-
Greek Bank	6%	16%	9%
Greek Broker	6%	24%	20%
Company / IRO	-	-	-

As the table 8.25 indicates, the global banks organize 6%, 4% and 0% of the proactive roadshows for big, medium and small firms, and a similar ratio is observed for the global underwriters as organizers. The Greek banks organize 6%, 16% and 9% of these types of roadshows for the companies, and finally the Greek brokerage firms do so by 6%, 24% and 20% respectively. No company official initiates proactive roadshows.

Is part of the proactive roadshow the increase of analyst coverage?

It is a difficult relationship to identify and measure since none of the executives interviewed thought to measure this and no research has been done on this subject. Some interviewees, however, identified a positive correlation between these two parameters. 24% and 14% of medium and small companies indicated an exponential correlation, while 12% and 11% respectively pinpointed moderate correlation.

b) Analysts: Does your department or your brokerage house organize proactive roadshows, targeting Greek clients?

As table 8.22 shows. 18% and 50% of the analysts respectively believe that their own departments organize the proactive roadshows for the companies. 24% and 50% of them believe that the sales people and brokers do so. Another 24% and 50% of them believe that the IROs help in organizing, targeting, and executing proactive roadshows and only 6% and 10% accept that external IR consultants organize proactive roadshows. Indeed. "*we observe that the IROs, in any proactive roadshow, play the biggest role since nobody else has the urgent motivation to search and find new prospective stock* *buyers"*, one analyst commented. Finally, 12% and 30% responded that they believe that the proactive roadshows are organized by a global bank.

Does the IR help or plan or direct the focus of the roadshow?

12% and 10% of the analysts accept that the IRO plays an important role in the organization of these roadshows, while 27% and 60% respectively estimate occasional value-added involvement of the IRO in this type of roadshow.

Do roadshows help you comprehend the listed companies better?

When analysts asked if roadshows, in any form, help the intermediary market players and the fund managers to comprehend the listed companies better, 71% of the local and 80% of the global analysts indicated the high importance of this communication tool, which improves greatly the comprehension of the Greek investment stories. Additionally, 29% and 20% of the analysts respectively believe that roadshows help the companies moderately. *"Company comprehension exists before the roadshow, and roadshows add the personal dimension on the story"*, an analyst explained.

10.4 Effectiveness of the roadshow communication policy

b) Analysts: Do roadshows help you comprehend the listed companies better?

When analysts asked if roadshows, in any form, help the intermediary market players and the fund managers to comprehend the listed companies better, 71% of the local and 80% of the global analysts indicated the high importance of this communication tool, which improves greatly the comprehension of the Greek investment stories. Additionally, 29% and 20% of the analysts respectively believe that roadshows help the companies moderately. "Company comprehension exists before the roadshow, and roadshows add the personal dimension on the story", an analyst explained.

What do you think of the roadshows organized by the Greek companies?

The majority of the local (94%) and global (100%) analysts were dissatisfied with the roadshow policy of the Greek listed companies, referring especially to the frequency of the roadshows. *"They are useful but a very small number of companies organize well-structured roadshows"*, one said. In contrast, all interviewed global analysts expect more roadshow activity by the companies. *"There are a few roadshows. Many companies don't do any roadshows"*, one observed. *"They are becoming more professional in terms of presentation skills but they need to go out more often"*, another one added.

Do you believe that these roadshows are effective, in terms of stock liquidity and performance?

When asked if the roadshows help the listed companies in terms of trading liquidity, stock buying and stock increase, all analysts replied that they believe that the roadshow policy adds a very high value (97% and 100% respectively) to the motivation of institutional and retail investors to look closely at the stock and take a position, especially after meeting the management. As one responded: *"Yes they are. Both stock performance and liquidity are enhanced with roadshows"*.

c) Fund Managers: What do you think of the roadshows organized by the Greek companies?

The comments below illustrate the opinions of the fund managers about the roadshows organized by the Greek listed companies. On the negative side: *"They are rare and should increase"*; *"They are quite often poor in information"*; *"They should be used more often inside and outside Greece"*; *"There is an improvement over time motivated by competition from other non-Greek listed companies looking for capital as well as by greater demands from the institutional capital"*. On the positive side: *"Although the roadshows done by Greek companies are only a few their quality is high enough"*.

To summarize, the Greek IROs are heavily involved with the roadshows of the listed companies. They initiate, organize or co-organize, implement and follow up the offering, tactical and proactive roadshows. They also promote and persuade the top management for the benefits and for their participation in the roadshows, especially the proactive ones. As mentioned earlier, the roadshow communication policy is more important for the smaller companies since it helps their visibility, trading patterns and evaluation. The local and global analysts believe that the roadshows and specifically the proactive roadshows are an important communication tool for the Greek listed companies. Their research departments and especially the London based research units, initiate, organize, implement and follow up offering, tactical and proactive roadshows. They were dissatisfied with the frequency of the roadshows and indicated that they constantly promote the roadshow communication policy to the top management of the listed companies by stressing the benefits of the roadshows, and write coverage reports or flash notes that help the process. Finally, the fund managers interviewed participate in all roadshows by the Greek listed companies and they expect more relationship and proactive roadshows to be implemented by the IROs and the top management.

Question 8.11.0- Email database management and distribution of information

Internet based techniques are examined here, in particular the use of email communication, which is efficient, speed full and timely. Online communication has been gaining importance every year and distribution of information via email has been the most effective and efficient medium used to pass company information to existing and prospective investors, market players and shareholders. Moreover, email is practically dislocating and fast replacing telephone communication, although they are highly complementary. Furthermore, the analysts, as an important hub in the disclosure process, view email as one of the most important means of communication. Email communication policy has been and is of great importance, not only for its speed but also for the reliability and even visibility of the companies and the underlying stocks.

11.1 Disclosure via email

a) Top Management: Do you disclose information and news by email?

All companies use the e-mail tool extensively (100%, 100%, and 94% respectively).

Do you have an email database?

Most companies have an adequate database. - 88%, 84% and 94% of the big, medium and small companies, - and, as mentioned earlier, they continuously update and expand their databases.

Do you have a database for fax use?

As a back-up plan, all companies still use the fax system, that is a based database fax number, which is a *"tool from the previous "old" days, for "old" guys like us"*, a CEO explained.

Is it complementary with the fax system in place for distributing information?

88%, 84% and 94% of the companies declare that the use of e-mail and the fax system is highly complementary in order to distribute press releases, announcements and generally vital information from the company to all market players and interested parties.

How often you use the email to answer questions from analysts, FMs, bankers, etc.?

Table 8.26: Email use to answer questions.

	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
Email answer only	19%	16%	17%
Email answer 50%	88%	64%	57%
Never use email	-	-	-
Do not have email	-	-	-

E-mail is often used to answer questions from analysts, FMs, bankers, et al., and indeed 19% of the big Greek companies indicated that they use e-mail exclusively for that purpose, while 88% use e-mail to answer at least 50% of the questions (Table 8.26). The percentage for the medium caps is reaching 16% and 64% respectively for e-mail use only, and at least half answer by e-mail; for the small caps the percentage is rising to as high as 17% for exclusive e-mail use and 57% of half use in replying to demand driven requests.

How often do you send press releases out via email?

100% of all companies send press releases via email and most of the companies have and use a sophisticated email database.

Do you categorize/divide the email database?

88%, 80% and 43% of the big, medium and small companies categorize/divide their email database for efficient and effective use.

If so, do you do so by geography, by fund type or by group?

Their email database is categorized/divided, by geographic targets (75%, 40% and 26% for big, medium and small caps, as the table shows), by fund type (mutual, pension, hedge funds, etc.) and by group type targets (bankers, CFAs, FMs, media, SEC, exchanges, etc.).

Table 8.27: Email database targets.

	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
By geography	75%	40%	26%
By fund type	63%	40%	26%
By target group	63%	40%	26%
Other	-	-	-

Do you face email distribution problems?

With reference to the effectiveness of the use of email as an information tool, and the infrastructure of the companies, only 12%, 4% and 9% of the big-medium-small companies face some e-mail distribution problems (probably mostly referring to servers, etc.), but the majority (75%, 80% and 80%) face no problems whatsoever, making this tool highly usable.

b) Analysts: Do you use the email for collecting and disclosing information?

All analysts exploit the capabilities of e-mail extensively. They also use fax in the same mode.

Do you use the fax for information?

No comment.

Is the email complementary with the fax system for gathering/ sending information?

74% and 70% of the analysts believe that these two tools are complementary in use and value.

How often do you receive press releases via email?

88% and 100% respectively constantly receive information from and for the companies through e-mail or fax, while only 12% of the local indicate that they receive information occasionally.

c) Fund Managers: Do you use email for collecting and disclosing information?

All the money managers use e-mail and the fax mechanism as information tools. They noted, however, the frequency of receiving information via emails; a London based fund manager responded: "*Quite often but from a limited number of companies*".

Do you use the fax for information?

No comment.

Is the email system complementary with the Fax system for gathering information?

No comment.

How often do you receive press releases via email?

No comment.

To summarize, the email as a communication tool is used extensively by the Greek companies, by which they manage effectively the email database, the email distribution and its targeting. Email as a communication tool is used extensively by the analysts, and they receive emails from companies but also distribute information to market players and end information users. Email is used extensively as a communication tool by the Greek and global fund managers, and they expect regular and more email communication from the Greek companies.

Question 8.12.0- Conference calls as a voluntary disclosure medium

Conference calls as a communication medium used by the Greek companies are described in this section. As the research indicates, this communication tool is being used increasingly by the firms, especially the large capitalization firms. Conference calls as a communication tool have also increased in use during the last decade, since they save time and money. Moreover, the larger companies have conference calls after the annual, interim and quarterly results announcements and the conference call is the only medium which allows many professionals to present, ask questions about and comment on the results concurrently. Many analysts prefer to participate in the conference calls since they can create a cross-examination session for the participating companies' executives. The use and importance of the conference call as a means of communication has been growing over the years and poses a question concerning choice between cost, speed and size for the listed companies as well as for the fund managers.

12.1 Disclosure via conference calls

a) Top Management: Do you hold conference calls?

50% of the large caps answered that they use conference calls as a vital tool of communication, while 24% of the medium size companies and only 11% of the micro stock companies do so.

Do you have conference calls with the quarterly results announcements (four times annually)?

Only 25% and 4% of the large and medium caps answered positively. It is observed that this tool of communication is primitively used by the Greek companies to communicate information, in particular data and results on a consistent basis.

When else you would you have a conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough...?)

Apart from announcing figures and results (38%, 24% and 11%), Greek companies declared that they occasionally use conference calls for announcements such as change in management (19%, 8% and 3% for big, medium and small caps) information on mergers and/or buyouts (12%, 4% and 3%) and major breakthroughs (6%, 4% and 3%). *"If and when we judge it is necessary. There is not a standard pattern"*, one IRO said.

What is the average number of participants in your conference calls?

It is observed that when a conference call takes place, global demand to participate is there. That is why just over 10 participants were involved in 6%, 8% and 6% of conference calls for big, medium and small companies. When the number of people is higher than 20, bigger participation rates such as 19%, 12% and 6% are observed, and more than 30 people participate in 25% and 4% of big and medium companies' conference calls.

Do you organize /implement it or do you get help from a major bank?

All Greek companies outsource the organization and the conference calls to players such as British Telecom conferences, Genesy's conferencing, Chorus Call, etc. Indeed, 50%, 24% and 11% respectively do outsource the organization and management of their conference calls, since to organize a global conference call, a company needs to rely upon global and experienced organizers in Europe and North America.

Who from the top management participates in the conference call?

For the big corporations, 38%, 50%, 50% and 50% of the BoD Chairmen, CEOs, CFOs and IROs respectively participate. For the medium companies, percentage participation is lower, that is 20%, 20%, 24% and 24% again for the Chairman, CEO, CFO and IRO.

For the small firms 11% is the uniform management participation in the conference calls.

Do you invite your bankers, consultants, and other advisers to participate?

The majority of the listed companies (50%, 24% and 11% respectively) invite most of market players such as the bankers, analysts and FMs to participate in the conference calls. Some listed firms do invite consultants too. The research indicates that each participant increases the cost of the conference calls by 80-100 Euros. These results coincide with the results of a previous research study by the author (Demos, 2003b).

Do you record the call?

All companies that use conference calls do record the calls for learning purposes as well as for following up questions, requests and demands.

Do you use a teleconference company from London or from Greece?

Most of the Greek companies employ a London-based conference call/handler company (44%, 20% and 6%) while only (6%, 4% and 6%) of the big medium and small cap firms use an Athens-based call handler.

Do you receive a list of participants, after the call?

All companies receive a list of participants on the conference call, but only some firms (50%, 24% and 11% respectively) use the list in order to identify shareholders, diagnose opinions and write down opinions, questions and even trends.

b) Analysts: Do you participate in the conference calls by the listed companies?

56% of the interviewed local analysts and 100% of the interviewed global analysts participate in the conference calls conducted by the listed Greek companies.

Do you participate in conference calls with the quarterly results announcements (four times annually)? When else do you participate in conference calls and for what purpose? (Change of management, a merger or buyout, major breakthrough...?)

The same number of local (56%) and global (100%) analysts participates in the conference calls for the quarterly or other announcements by the companies. "*Merger or buyout, major company change, company developments or whenever the issue is important, we participate*", an analyst declared. Another analyst indicated that "*we have a major impact on the share price*" after most conference calls.

What is the average number of participants in the conference calls?

In terms of participation numbers, 65% and 100% of the local and global analysts say that more than 20 participants is a norm, while 35% of the locals answer that more than 20 participants is their experience.

Who participates in the conference call from your company?

47% and 20% replied that their director or research participates, 71% and 100% that their industry specialist research analyst does so, 50% of the global analysts send the country specialist and for 44% and 50% a team of people participates.

c) Fund Managers: Do you participate in the conference calls made by the listed companies? Do you participate in conference calls with the quarterly results announcements (four times annually)?

All FMs participate in the conference calls, especially after the announcements of the results.

When else do you participate in conference calls and for what purpose? (Change of management, a merger or buyout, major breakthrough...?)

77% and 67% of local and global FMs participate in the conference calls for reasons other than results issues (i.e. change of management, mergers, major breakthroughs, etc.).

What is the average number of participants in the conference calls?

In terms of participation numbers: 23% and 61% said that on average more than 10 people participate in the conference calls; 46% and 56% replied that they have more than 20 people; and 62% and 100% replied that more than 30 people participate.

Who participates in the conference call from your fund management company?

Who now participates from their office: 54% and 39% of local and global FMs said that the top fund manager participates; 88% and 94% said that the industry fund manager participates; 100% and 100% said the buy side analyst participates; and 58% and 67% indicated that a team of people takes part.

To summarize, conference calls are used by the Greek listed companies, especially the larger ones, for regular and *ad hoc* communication of company's activities. Conference calls are used by the Athens based analysts, but especially the London based analysts, as an efficient, speedy and timely information medium. Conference calls are used by the Athens based and the London based fund managers in particular, and both groups indicated that the Greek companies should have more conference calls during their financial year, as well as other company developments.

<u>Question 8.13.0- Disclosure via Internet sites</u>

Internet corporate communication via the websites is examined in this subsection. Web site communication, as mentioned earlier, has been regulated in Greece by ASE, CMC and EU regulations. The web site has also become a standard in the IR industry.

Moreover, owing to the corporate governance principles, rules and regulations, it is a mandatory and legal tool for every listed company. Like the annual reports, it is a matter of imagination, creativity and appeal of a company's web site to disclose more and better information and to attract investors. It is the first "visit" to the targeted company by the analysts as well. Communication through the company's site is extensive and in Greece all ASE listed companies must have a site in Greek, and the large capitalization listed companies (FTSE 20) must also have site in English. The web site is an extremely good communication vehicle for the proactive and aggressive IROs.

13.1 Web site communication

a) Top Management: Do you have your own web site?

All Greek companies participating in this research have a corporate website. 95% of the sample had bilingual (in Greek and in English) sites and 18% had even a third (German language) section.

How many requests concerning IR issues do you receive from your site?

On average, only 6% of the big caps make requests for more than 50 visits on their site, while a frequency of visits of 20-50 per month is observed in 56%, 24% and 23% of the big, medium and small companies. Similarly, 10-20 visits per month are seen at 31%, 56% and 49% of the companies' sites and 0-10 visits at 6%, 20% and 29% sites respectively.

How many new names are coming from the web site for your data base/mailing list?

As the table 8.28 indicates, 82% of the big caps said that they get new names from their website, while 68% of the medium firms and only 26% of the small capitalization companies mentioned new name additions from their site.

Table 8.28: New database names from the website.

	FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
Many	38%	20%	20%
Some	44%	48%	6%
None	-	-	20%
N/A	19%	32%	54%

Are you linked with the sites of external consultants?

Sophisticated website management from the companies is observed by 44%, 48% and 26% when it is especially measured by the links that the company's site has with site promoters (i.e. Win link), industry search engines and other.

How often you update your site?

All companies declared that they update their site continuously and at a dynamic pace.

"Very frequently as financial results are published, and whenever a change takes place then we also add news", one IRO said. *"ASAP with all corporate news and announcements but for sure every three months"*, another IRO added.

Please evaluate your site in terms of information effectiveness.

When asked to evaluate their own site in terms of effective communication of information, 44%, 60% and 54% of the big, medium and small answered positively, while 19%, 20% and 20% find their site ineffective and 38%, 20% and 26% were unable to evaluate the effectiveness of their site. *"It is very important that the information is up to date in order for someone to be able to learn on time and accurately what is happening"*, a CFO declared.

b) Analysts: Do you use the targeted listed companies' web site?

All analysts check their targeted listed companies' web site regularly to extract basic and required information.

Do you believe their web site is sufficient and user friendly?

Only 53% and 60% of the local and global analysts respectively believe that the sites were user friendly (during the period of the research) and supply sufficient information in the public domain. In that respect the sites need a lot of upgrading and modification in order to become more information-releasing tools.

Please evaluate the web sites in terms of information effectiveness?

The majority of the local and global analysts interviewed expected improvements on the companies' site and many indicated the need for duality of the sites (including equivalent information in Greek and in English). Some even mentioned that the Greek companies' sites should include more language versions such as German, French, Italian, etc. The updating dimension was also raised by some analysts, and, as someone suggested: *"They need to disclose more information, renew it often and update it continuously"*.

Please could you recommend any improvements?

Some quotes by the analysts stress the aforementioned findings better: *"Appearance is the last issue but improvement in disclosure and frequency of renewal are crucial." "More information is needed, such as sales breakdown, EBITDA breakdown, financing terms, strategy, more updates on the industry and the sector, etc." "The web sites need improvement in the provision of promotional information as well"*. "Updated detailed information on all important issues concerning the firm."

c) Fund Managers: Do you use the targeted listed companies' web site?

All fund managers interviewed use the listed companies' site extensively to extract and check what they disclose in the public domain.

Do you believe their web site is adequate and user friendly?

No comment.

Please evaluate the web sites in terms of information effectiveness? Please could you recommend any improvements?

The fund managers are more than satisfied with most sites. The following illustrates this satisfaction: *"Most sites are updated with the latest news and data and with accurate information"; "They provide satisfactory and valuable information but they cannot substitute the other means of communication such as the personalized ones".*

To summarise, the majority of the Greek listed companies interviewed have a bilingual site (in Greek and in English) and although mandatory for corporate communication, their website management is considered sophisticated by the top executives. All Greek and global analysts interviewed visit and use the companies' web sites regularly but they indicated that site improvements are needed in terms of information content, style and attractiveness. The fund managers prefer the aggressive and proactive Greek listed companies, and indicate strongly that they like the smaller capitalization companies to make the extra effort to communicate with them in order to attract their attention, focus and meet with the management, since they have available money for investments and they are short of good and solid investment ideas and cases. It is evident from the current research that not only the Greek funds, but, most important, the London based fund managers who invest in the Greek stocks invite and challenge the small and good companies to follow a voluntary corporate communication strategy and accept the cost in order to create visibility for themselves and make their story known to the global market players.

Question 8.14.0- Controlled information

In the following section the restrictions of the companies' communication is investigated. Controlled information is beneficial for the company since it allows the management to disclose information when it is "ready" as a CFO declared. It is also close to corporate governance regulations and enhances simultaneous/equivalent information to all market players.

14.1 Disclosure constraints

a) Top Management: Does your company prohibit or restricts communication with sell – side analysts, buy – side analysts and / or fund managers at certain times of the year?

75%, 56% and 51% of the big, medium and small companies do have a policy in place, with which it does prohibit or at least restrict communication with sell side and buy side analysts, fund managers, et al. *"Only restriction: information regarding non-published or non-announced issues"*, an IRO said.

If you have answered "yes" to the above question, please specify the times during the year when the communication is prohibited or restricted.

Universally, 75%, 56% and 51% of the companies, that is those companies that have such a policy, also have universal restrictions and prohibit any communication with the market players, prior to the announcements of the annual, semiannual and quarterly results. *"Prior to any financial results announcement or any major corporate announcement or new development"*, one IRO stated.

Please specify the number of days for which communication is prohibited or restricted prior to the annual results announcement.

"As soon as we have the information – it is released. We don't wait for the official publication" an IRO declared.

Please specify the number of days for which communication is prohibited or restricted prior to the interim results announcement.

No comments.

Please specify the number of days for which communication is prohibited or restricted prior to the quarterly results announcement.

No comments.

If your company operates a policy of restriction of communication rather than complete prohibition please describe the nature of the restriction.

"The company will not give out information a week before results are published", a CFO stated.

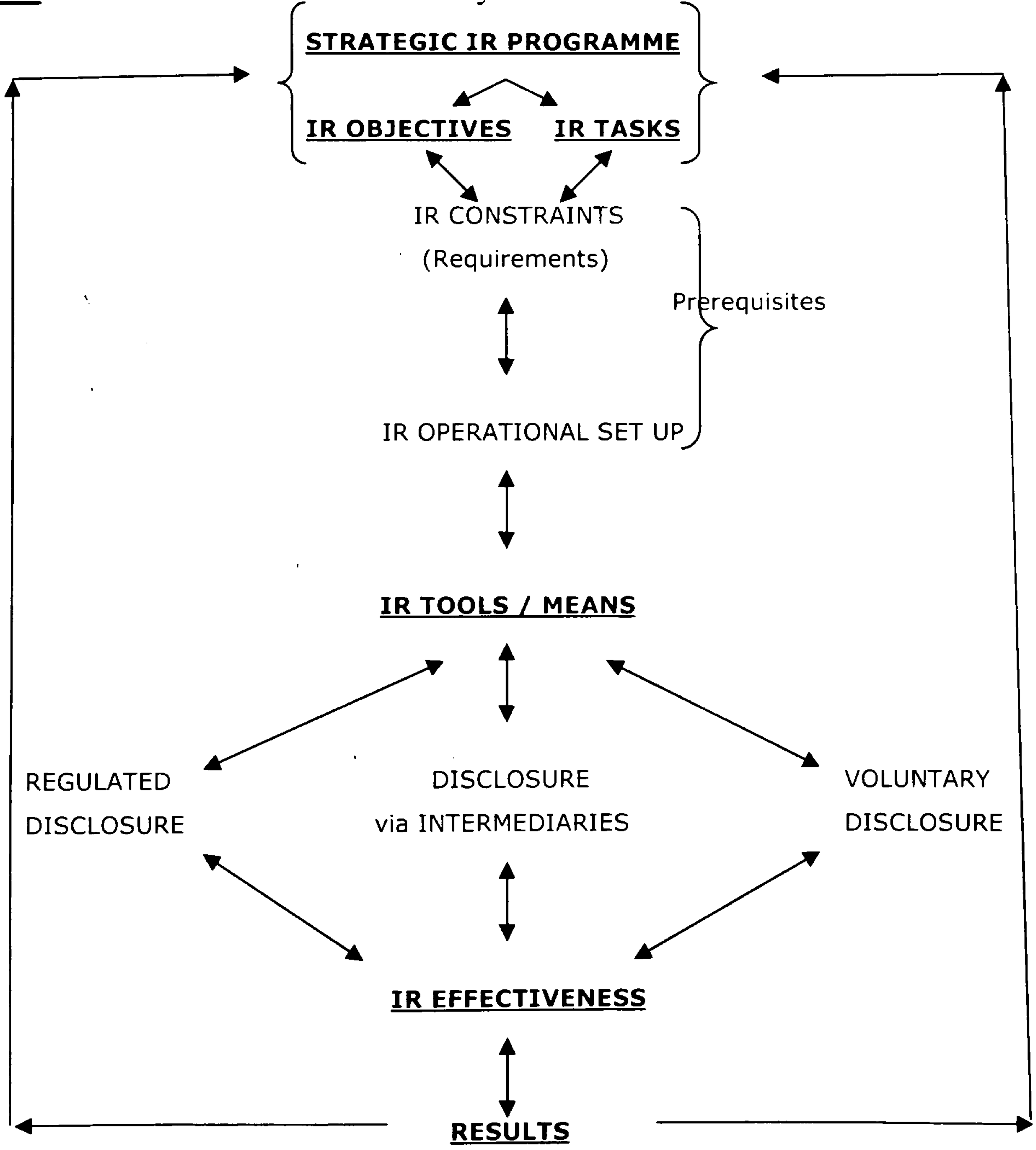
To summarize, most of the executives interviewed indicated that they have a policy in place in order to control the company's information when needed and when this is decided. For instance, prior to the periodical announcements and results, most of the Greek companies prohibit any executive from communicating with the market.

Chapter 9.0 Research Selective Coding

9.1 Introduction

As mentioned in 1.8 and 7.1 this chapter aims to integrate and refine categories. It's objective is to organize the plethora of ideas and comments which have emerged from the analysis of data, documents, interviews, previous research and field notes. In the previous "analysis of data" (chapter 8), an effort of decoding, open and axial coding of the responses and comments of the interviewees was formulated. In this chapter, an effort was made to document intricate details of IR phenomena which were expressed through the comments, body language, emotions and feelings experienced during the interviews, as Strauss and Corbin mentioned.

Figure 9.1: The Investor Relations activity framework



The objective of this chapter is to contrast and synthesize the opinions and perceptions of the three groups interviewed (the companies' executives, the analysts and the fund managers) on the corporate communication strategies and investor relations activities. This triangulation of the grounded additional data and other research results can be represented in the depicted diagram that simplifies IR relationships and synthesizes the major IR concepts and their connections (Figure 9.1). This diagram enables us to observe the collected data from a distance and present concepts rather than details of data. It also shows IR relationships that stimulate implications and even recommendations for the Greek listed companies, the market players as well as the institutions of the capital markets.

9.2 Strategic IR Programme

In this section conclusions and grounded research implications will be described in reference to the corporate communication and IR programme that the executives want and the analysts as well as the fund managers expect. The findings of previous research, as described in chapters 1.1.1 and 5.3.2, on the opinions of the Greek market players' and the perceptions of the interviewees in the current research coincide in reference to the basic aims of the Investor Relations department, such as: 1) The direct, truthful, equivalent, authoritative, correct, valid and timely disclosure of a company's activities, strategy, results and perspectives to the market (analysts, institutional investors, brokers, bankers, etc.) is the essence of the IR function and minimizes information asymmetry. 2) The creation of a trustworthy relationship with the investors. The executives, analysts and institutional investors interviewed indicated that informal one-on-one meetings build up trust and establish long term relationships, which for the listed companies are imperative. 3) The strategic planning and the IR programme lead to a creative communication direction which in turn increases visibility, liquidity and share optimization. Since the foreign institutional investors and analysts are *"bombarded"* on a daily basis by many investment stories which are offered by companies from many countries, the communication policy of direct and reliable information to them, along with the visits to their offices and the briefing on the history and growth prospects of a company, is the best way of selling the stock of any Greek company. IR strategic planning, according to the interviewed executives, should aim at *"the continuous flow of information, the creation of trust and the maximization of the company's share price,"* as a CEO stated. The creation of an effective action plan and adequate budget of the IR activity will help the IR to design a proactive strategic programme *"to satisfy the market's information needs and not just to play the role of a firefighter in time of crisis, as usually happens"*, one CFO mentioned. The majority of the interviewees asserted that the IR programme is vital to the IR activities since it is the strategic blueprint that directs, evaluates, inspires and controls the corporate communication policies of the

IROs and the companies (8.1). They also indicated that a solid IR programme defines the short-term and long-term targets. measurable tasks. the specific processes and timing, and the communication tools to be used (8.5). However. only 14% of the company executives interviewed mentioned that they have some form of written IR programme with objectives and timetable. As the research shows. the remaining majority (86%) of the Greek listed firms communicate impulsively and in most cases with a tactical, passive or even reactionary mode (8.9). The research also found that only a few listed companies have a consistent financial reporting policy such as informing the investors quarterly, semi-annually and annually, communicating good and bad news, visiting local and global institutional investors regularly. etc (8.14). It is implied from the current research that the IR departments should have detailed strategic and tactical IR plans with specific objectives and timeframe, and main responsibilities which above all: give a sense of urgency and seriousness about the IR profession; set long- and short-term targets and objectives, which help evaluate the success or not of the proposed and implemented IR strategic plan; set in motion a *"proactive and energetic communication and investor relations mode in the company";* as one IRO mentioned, and set a success bonus structure for the IRO and his/her team, which in turn is *"self-motivating to bring about the desired results,"* as an IRO suggested.

9.2.1 Strategic intent

Strategically, the overriding purpose of an IR communications programme is primarily to *"build awareness and positively shape perceptions of the company among its key audiences by highlighting the company's strengths and management vision,"* as a fund manager put it. As mentioned in the previous chapters (8.5, 8.6, and 8.10) the Greek companies have to deal with the limited visibility and minimal awareness, owing to small market size, periphery economy and mostly to the passive strategic intent of the companies themselves. The majority of the three groups interviewed mentioned the importance and necessity of a mental change and paradigm shift of the Greek listed company. The new proactive role and strategic IR direction should, above all:

- *"develop a clear and compelling investment thesis articulating the company's business proposition, and establish consistency of this message throughout all communications materials,"* according to one CFO;
- *"raise the company's visibility among selected and targeted financial media to increase general awareness and understanding of the company, its business and its senior management,"* one IRO mentioned;

• *"refine the company's information distribution mechanisms and generate a consistent flow of information to the investment community and financial media across Europe, Asia and the U.S."* according to a global fund manager:

• *"attract buy-side and sell-side coverage with a proactive outreach programme,"* as a local analyst stated.

9.2.2 Strategic IR plan objectives

The following is a short list of specific objectives for an IR programme. as indicated by the interviewees: to *"increase the company's overall level of visibility in Europe, the U.S. and Asia and position the company"* (i.e. as a leader in its industry, as one of the region's fastest growing economies, or as one niche international player, etc): to *"highlight the strengths of the Company's specific advantages"* (i.e. successful diversification plan, major consolidation and expansion, unique product line, etc): to *"position the company as an attractive investment with substantial and sustainable growth opportunities"* (i.e. ROA>20%, ROCE>15%, etc); to *"establish the credibility of the growth or value story or dividend investment and the company's senior management team with the investment community to create a solid platform for the company's long-term valuation"* (i.e. solid management team and strong leadership); to *"leverage exposure of IPO and secondary offerings to disseminate the story to wider audiences"* (i.e. share price performance, liquidity, dual listing, American Depositary Receipts, etc.).

9.2.3 Strategic target audiences

According to the interviews and the grounded research findings as described previously (i.e. chapters 8.2 and 8.10), the IR communications programme for a company is designed to reach several key audiences in Europe, Asia, the U.S. and the Rest of the World (RoW), including mainly:

End (Information) Users

Institutional Investors – The IR office targets a select group of prospective domestic, European, American and Rest of World (RoW) investors and reaches out to those investors through the multiple IR tools, in particular targeted road shows. In order to do so, the creation and maintenance of a database of the institutions is mandatory, from secondary sources but primarily from the meetings during the road shows.

Retail Investors – The stock's basic stock exchange (home country) plays an important role in supplying a diverse pool of individual investors who create, maintain and increase or decrease stock liquidity. Retail investors can be reached via group presentations in different targeted cities in Greece and *"other major global financial centers with Greek population"*. As many analysts and fund manager maintained, the population that belongs to the Greek Diaspora should not be neglected as a target for the IR office. Even *"stock exchanges for a multiple listing should be targeted in cities and markets where many Greeks work and live,"* one global fund manager suggested.

Information Intermediaries

Security Analysts – The IR should be persistent in targeting influential sell-side analysts in addition to those that currently cover the stock (Table 8.9). The continuous flow of information towards these information intermediaries and the update of the analysts' database are imperative.

Industry Analysts - Industry analysts or *"gurus"* become particularly important when there is news about the company, as they are key sources to the media and the investment community, and they are often asked to comment on the merits of the company's current activities and future prospects (chapter 8.5). By enhancing existing relationships and targeting these groups with regular information updates, the IR should help to *"pre-condition them to react favourably to news coming out of the listed firm and, occasionally, mitigate the risk of an analyst publishing a negative report,"* one global analyst suggested.

Major Media - Key journalists who work in the local and English media groups are a critical audience in building greater awareness, and they can positively shape perceptions of the company on a national and international level (chapter 8.3). Key media targets would include: major global newspapers (Financial Times, The Wall Street Journal, The Herald Tribune), local financial press (Kathimerini, to Vima, Isotimia, etc.), influential international regional newspapers (NY Times, LA Times, La Monde, etc.), major business magazines such as the Economist, Business Week, Forbes, and Fortune, and major news wires such as Reuters, Bloomberg, Dow Jones, and the Associated Press.

Industry/Trade Media – Specialized industry and trade media should also be targeted since they are "opinion leaders that shape perceptions and influence investors".

Auditors – The communication of the company's information to all local (i.e. SOL) and international (i.e. KPMG, Price Waterhouse, Grant Thornton, etc.) auditing houses is also very important too, as mentioned in chapter 8.3.8.

Regulatory bodies

Throughout the programme it is important to be mindful of local and global regulatory constraints regarding securities offerings and the dissemination of information, especially after the Enron scandal. Generally the safest approach is to comply with the strictest regulations (i.e. by the US SEC) in each market.

9.2.4 Message

As indicated by the analyst and the institutional investors in particular (chapters 8.5 and 8.10) the communication plan should create *"a set of clear, direct and short messages to be woven consistently through all information to the market"* as mentioned by a fund manager. In general, these messages should highlight certain key elements, including: historic financial performance; market, industry and company presence and potential; clear business objectives and growth strategy; strong management team with proven ability to execute strategy; and stock performance and liquidity. In conclusion, the IR programme should clarify its strategic intent, major strategic objectives and targeted audiences, and use a clear message to investors and market intermediaries in order to motivate management's commitment, increase company's visibility and attract investors' interest. The implementation of the IR programme is based upon these four pillars through *"the formal policy or written description of the detailed objectives and responsibilities of the IR function,"* one CFO declared.

9.3 IR Objectives

In this section a synthesis of the experience and opinions of the interviewees is described. As mentioned in chapter 7, their ideas, quotes, comments and sayings were taped, translated and grouped as a set of defined IR objectives.

9.3.1 Types of IR objectives

The IR objectives, borne out of the current grounded research (chapter 8.6, 8.11, 8.12, 8.13), can be separated into four major groups: key market players, information, IR tools and IR activity.

a) ***People (market players) related objectives***

"Knowing the shareholders - not just their names, but how they invest"; "Knowing the wider stakeholder audiences"; "Making sure one is highly informed about one's sector"; "Targeting key buy-side and sell-side analysts"; "Enhancing shareholder relations and broker communications".

b) ***Information related objectives***

"Knowing the company's message - and making sure everyone else does";

"Having joined-up communications — not having artificially separate communication"; "Developing compelling investment rationales".

c) IR channels related objectives

"Coordinating meetings with investment professionals"; "Conducting presentation and media training"; "Creating investor presentations"; "Designing/enhancing web sites"; "Writing/editing corporate materials" (including annual and quarterly reports, earnings and corporate development releases, fact sheets, etc.).

d) IR activity related objectives

"Attending disclosure seminars"; "Conducting analyst surveys and writing follow-up reports"; "Analyzing institutional ownership and peer group shareholder profiles".

9.3.2 Measurable IR goals and objectives

As indicated by the top executives (i.e. chapters 8.4, 8.11, 8.13) and mentioned in chapter 2.6 and 2.7, the IR prime objective is to know exactly where one's institutional investors are, and to be more proactive and search for new investors. An example of a measurable IR annual plan, which was mentioned by the interviewees, is described below and should include goals such as: *"To introduce the company to 10 analysts"* (sell side and buy side); *"To introduce the company to 10 new growth funds and to add these to the investor base"; "To promote the company to solid Pension Funds across the globe"* (i.e. Canadian, Chicago, etc.); *"To introduce a 'CEO's letter' to the financial community"; "To communicate the news releases and the CEO's letter mainly via email and fax"; "To release information and communicate to the financial community on time and in most cases within 24 hours"; "To identify the best practices that IR departments (globally) apply in terms of communicating and building relationships with investors"* (i.e. best annual reports, best half year results, news releases, editing, etc.); *"To complete the "investor profiles" of all the major institutional shareholders"; "To target prospects via proactive roadshows in order to expose the company to new funds"* (Chicago, Florida, NYC, Minneapolis, Kansas City, Toronto, Montreal, etc.).

9.3.3 Key IR tasks

As mentioned in chapter 2, the main tasks of the IR office are: "To communicate to the financial community the activities and the results of the company" and "To build stronger relationships with long-term investors, mostly institutional investors".

In order to communicate effectively and efficiently with the analysts, investors, bankers and media, the IR office, as found by the current grounded research (chapter 8 and a lot of interview material), has to: "organise an effective IR department"; "monitor the shareholder register and trends": "gain access to investor intelligence" (i.e. Thomson Financial, etc.): "continuously update the mailing list": "update a detailed financial model of the company's operations": "prepare communication and presentation material", for external and internal use as follows: External Use: Detailed results announcements: Earnings releases: Press releases; Ad hoc announcements and press releases in the local and international press, the investment community and other market players; Filing to the SEC and stock exchanges: Updating of the company's website, regarding key corporate developments, annual and quarterly financial results, etc.; Investor presentations addressing key issues (financial performance, business strategy, plans to counter competition, capital expenditures and timeframe for return on investments, etc.); Company literature (e.g. annual report, CEO letter, etc.). Internal Use: Profile of the Institutional Investor(s) for one-on-one meetings; Analysis, reports, grouping of hard data from the shareholders registry: Perception of investors to top management; "Coordinate investor and equity research analyst contact"; "Increase the level of analyst coverage and the number of analysts' reports"; "Set up meetings with analysts and investors"; "Ensure critical analysis of investor perception"; "Organise group presentations for retail investors"; "Schedule meetings of management with existing and target investors"; "Promote the company/stock proactively via roadshows". In order to build stronger relationships with the investors, the executives, but mostly the analysts and the institutional investors interviewed, commented that the IR office ought to: "respond to inquiries in a timely matter"; "respond to investor inquiries about company data and issues"; "build close and reliable relationships" (i.e. create trust) with the investors via good PR, dinners, trips, etc; "develop investor profile data"; "have a reliable source for hard and soft data by talking to assigned contacts of divisions and subsidiaries within the company".

9.4 IR prerequisites and constraints

Most of those interviewed agreed that, in order for a listed company to communicate effectively, create visibility, establish good relations and motivate share buying, it should have an IR office, employ a resourceful and hard working IRO, have the commitment of top management and board of directors and commit money to promote its investment case (i.e. chapters 8.1 and 8.3). The aforementioned prerequisites are vital to the IR programme of the Greek companies and, as the current research indicates, their nonexistence leads to illiquid stock and even to delisting status. The majority of fund managers and many of the analysts interviewed suggested that, in order to match the major IR tasks, the IR department is required to have the following:

IRO's profile: The IRO should: Be knowledgeable: Be a good salesman: Be professional; Have good contacts with media. market: Have good presentation skills: Be fluent in English and the other languages: Have a proactive mind set; Have a strategic intent; Have good organisational skills.

IR office: The IR office should: Have a meeting room: Utilize a good shareholder registry programme: Have an effective contact database: Have a diary management tool.

Company related: Have solid financial results; Have good, professional management; Be concerned about agency conflicts; Have stock option plans.

Financial issues: Budget; Financial commitment by the top management.

Other: Encourage feedback from leading brokers: Be proficient at word document and presentations processing: Have a user-friendly investor relations web page: Maintain and update an email contact directory; Have competent personnel with appropriate skills; Have proper IR organization: Have financial modelling capability: Have excellent relations with all market players.

Investor feedback study on: Communication style and content; Management: Strategy: Business outlook; Peer group companies.

All London based fund managers and many global analysts strongly advised that the IRO be effective, and, in order to attain the defined communication objectives, the IR office ought to: *"subscribe to specialized magazines and periodicals in English"* (i.e. Global Fund Analysis, IR magazine, Research, Buy Side, etc.); *"create a library of specialised IR books and research from the academic community as well as from the experienced IR practitioners and associations"* such as IIRF, IRS, NIRI etc.; *"participate in IR Conferences organised by the IR local and international societies, the investment community and brokerage industry"; "hire and use the services of specialised companies"* like Thomson Financial, Lipper, etc. *"that will help the IR office to identify the funds"*. In retrospect, as the interviewees stated (chapter 8.1), the biggest obstacle for the IRO in its efforts to be effective and bring the desired results for the company and the shareholders is first the IRO's capabilities and competence and second the financial commitment to the IR function by the company. In this following subchapter, findings on the IR structure, substitution and complementary issues, as well as the qualification of the IR people and the IR budget are documented, and respective conclusions are made.

9.4.1 Organization of the IR function and structure of the IR office

As this grounded research has shown, more than half of the larger listed companies and a quarter of the medium and small firms have a separate IR department. On the other hand, only very few companies have no IR department.

a) The position of the investor functions within the companies

Most of the Greek IROs report to the CFO and therefore belong organizationally to the finance department as a separate entity. There are some IROs who report either to the CEOs or to the Chairman of the Board of Directors. A tiny minority of IROs from the big capitalization joint stock companies operate under the Public Relations department in the company organizational structure. From the life cycle angle and the maturity level of the IR profession in Greece, it can be concluded that from its fledging steps the IR started as a branch of the Finance Department under the CFO and operated as a passive function which distributes only financial results. Since the IR has been recently, instituted, its position is not efficient and the existing IROs try hard to be effective. As indicated in chapters 8.1 and 8.2.7 and the comments of many interviewees, the situation is attributable to *"the views of the top management, to the maturity level and IR acceptance of the Greek capital market and to the lack of many experienced local IR practitioners,"* as one local analyst maintained. The current research shows that most of the Greek IR departments operate under the CFO, which is a condition for *"passive"* IR departments riding at the initial stages of their life cycle. There are also IR departments which are under the PR department, something that the international IR practitioners and experience rejected a long time ago as not being effective and functional (IIRF Conference, 2001; 2000). Most of the fund managers as well as the analysts expected, however, that the IR should have the flexibility and independence that would act as the company's activity and sophisticated art that adds value to the stock and the shareholders. Many of those interviewed suggested that the IR office should *"be a separate department that operates among the major decision makers of the company"*. Some even proposed that the IROs should *"have a non-voting seat in the Board of Directors"*. Most of the top executives interviewed (chapter 8.1) accepted that the effectiveness and the performance of the IR department is influenced directly by the organizational position it has in the company's structure, as well by the understanding and treatment of the IR activities by the top executives (Chairman of the Board of Directors, CEO, CFO, etc.) Some executives agreed with the other two groups interviewed that, since the IRO has to have good knowledge of the company's strategy, operations and financial results in order to be able to communicate to the investors, the organizational and organic position of the IRO and his/her department is between the president of the Board of Directors. the CEO and CFO. as depicted in appendix XV. In mature markets, it has been observed that the IRO accomplishes his goals more rapidly and more economically (i.e. cost. time, man/hours. etc.) when he/she holds a non-voting seat in the company's Board of Directors (IIRF Conference. 2004: 2003). This issue has been discussed extensively during the annual IIRF conferences. but so far no recommendatory steps have been taken from the IIRF BoD to the regulatory and related bodies.

b) Profile of a designated investor relations officer (IRO)

As indicated in chapter 8.1. the majority of the interviewees of all three groups accepted the existence of an IRO in most listed companies. However. most of those interviewed perceived that the Investor Relations Officer title in most cases does not represent a *"qualified, trained and experienced IR professional"*. In particular. the intermediaries and the information end users urged the need for *"training effective IROs"*. Furthermore. since the IROs were recommended. not enforced, by the local authorities such as the CMC and the ASE, the need for qualified IROs is a market as well as a company driven result. It is implied that in Greece, the operation of the IR function depends upon the maturity level and voluntary initiation by the listed firms. and it was not forced upon the companies as it was in neighbouring Bulgaria. where every listed company has to have a "*titled*" IRO (Demos. 2005b: IIRF conference 2004, Rome). In Rome, an IIRF round table participant stated: "*It is questionable, if this ex communist country has produced and trained experienced IR professionals, to name them IROs*". One CFO stated that "the profile of the IRO affects vastly the success of the IR programme and strategy. The position of the IRO and the IR office should be established at the beginning if not before the Initial Public Offering of the company". *"Hiring some analyst or transferring someone from the PR department covers only certain needs but creates more disclosure problems for the company,"* an IRO of a medium size company added. Many interviewees reported that the IRO has to combine a mix of theoretical training, experience and predisposition or personality. *"He/she should have performed fundamental analyses of companies and technical analysis of shares, managed investment money, traded stocks in a brokerage house, worked as a journalist and as salesperson and even have legal expertise and knowledge,"* one global fund manager declared. The current findings agree with those of other markets: Mavrinac (1997. p. 2) argued that *"today's IR manager must be continually honing his or her skills and capabilities in communication and journalism, public relations,* *information systems management, corporate finance, financial analysis, financial accounting and accounting regulation"*.

c) Origins of IROs

The Greek capital market recovered quickly after the global and local market collapse in 2000. The Athens Stock Exchange turned around in 2002 and kept a growing momentum, mainly as a consequence of *"the Athens 2004 Olympic Games, the steady money influx of the cohesive EU funds and the good performance of many Greek enterprises that operate successfully in Greece but mostly in the Balkan and south Eastern Europe,"* as a local analyst mentioned. However, the depressing market conditions after the 2000 stock market bubble led to a decrease in the number of local sell-side analysts and many of them were driven the IR profession and became IROs. A previous inquiry on the origins of the Greek IROs, in order to update HIRI's database, showed that at the end of 2004, almost 65% of the IROs were previously analysts, 25% were previously financial journalists and the remaining 10% were brokers and registry people (Demos, 2005b). In the current research, many of those interviewed believed that most companies have qualified employees and IROs, whatever their origin, to deal and comply with the mandatory and voluntary market information needs.

d) The number of staff working for the investor relations office

As the current grounded research indicates (i.e. chapter 8.1) the bigger Greek companies employ more than two people for their IR needs, while the medium and smaller firms employ at least one person.

e) IR staff dedicated to IR relations activities or do they perform other duties

The interviewees, as shown in chapter 8.1, and taped comments, provided that the majority (roughly 70%) of the people working in the IR departments are fully dedicated the IR function. The analysts and fund managers interviewed indicated these *"numbers since they talk to and deal with the larger listed firms"* but are aware that the IR people *"in the smaller companies become involved in non IR activities and even the designated IROs are involved in such activities"*. Another issue arose during the interviews in reference to the IROs' own image. Some IROs were "*ashamed*" to say that they work as IROs exclusively and for image reasons they label themselves with dual titles such as IRO and Manager of Strategic Planning, IRO and Treasurer, etc. A possible explanation, aside from the psychological reasons, is that they did not understand the strategic dimension of the IR function.

f) Annual salary for the IRO and his/her staff.

From the interviews with the top management (chapter 8.1) it was found that approximately 15% of the IROs across all listed companies are highly paid. The majority of the IR practitioners are paid according to the wage level in Greece (i.e. 1,000-2,000 Euros per month). It is inferred from the findings that *"the IR job is still not considered as a high ranking position and strategic function in the company's hierarchy and only a few companies compensate the IROs highly,"* as one local analyst mentioned. This is consistent with the top management's perceptions of the IR function, as the research shows.

g) Annual budget for the IR function (excluding salaries, annual report costs, etc)

As mentioned in 8.1, most of the big capitalization companies commit comparatively bigger IR budgets, while a minority of the small and medium size firms assign substantial amounts of money for company and share promotion. Many of those interviewed indicated that medium and/or small capitalization companies cannot sustain a consistently *"expensive or rich IR budget for more than 2 years, unless they see credible and positive IR results"*, such as increase in share price, increase in the number of institutional investors, geographic and investment type diversification of the global fund managers, decrease in the capital cost of equity, etc. As one fund manager said, *"the budget plays an important role and affects the IRO's effectiveness"*. For instance, many of the IR *"financial and non-financial objectives can not be attained if the Greek companies do not implement roadshows"* as a communication option, *"due to budget constraints,"* another global fund manager argued. A previous local research study found that an average budget estimate for all initiatives of an IR programme, which includes local and international promotional campaigns, can reach 200,000 Euro annually (Demos 2002d). This amount does not include any discretionary success fee or performance bonus based on the IRO's performance and effectiveness, as discussed in chapter 12.

h) Top management involvement with the IR function

The vast majority of the top executives interviewed are involved with the IR function. The top managers of the smaller companies, owing to the simpler organizational structures, as mentioned in subchapter 8.13, are involved more with the IR issues. Similarly, the analysts as well the fund managers confirmed the top management involvement. They also stress *"the management of the smaller companies and the involvement of the shareholders, who are extremely interested in the corporate communications process and are personally involved in the disclosure policies of the* *firm,"* as one analyst stated. As the current research found, top executives devote on average more than one month per year to the IR function (chapter 8.1).

i) Internal reporting by the IRO and internal information flows

Table 9.1: IRO reporting to the top management

FTSE/ASE 20	FTSE/ASE 40	FTSE/ASE 80
CFOs (75%)	CEOs (48%)	CFOs (43%)
BoD Chairman (25%)	BoD Chairman (32%)	BoD Chairman (43%)
CEOs (-)	CFOs (20%)	CEOs (14%)

This research shows that at the big and small capitalization companies the IROs report to the CFOs primarily while at the medium size companies the IROs report directly to the CEOs, while the Chairman of the Board of Directors is informed in good time and in priority across all companies. The table below represents to whom internally the IROs report in order of ranking and priority as indicated in chapter 8.1. It is observed that the reporting in the larger companies is similar to the reporting in the smaller ones but differs from the reporting in the

Table 9.2: Internal information flows

Department / Subsidiary	Contact Person
Finance	CFO
Accounting	Chief Accountant
Treasury	Treasurer
Operations	Chief Operating Officer
Budget	CFO
International Business	Business Development Office
R&D	Research Director
Law	Legal Advisor
Personnel	Human Resources Director

medium size companies. The role of the CFO in the communication process is stated and supports the (previously stated) findings that most of the Greek IROs report to the CFO and belong organizationally to the finance department as depicted in Appendix XVI. The interviewees also indicated that the IROs, in order to communicate on time and with authority the right information to analysts and investors, should collect company information internally from other departments such as shown at Table 9.2:

9.4.2 Substitution issues

Substitution of the official corporate communication process can take place internally via the registry office or the PR department, or externally via the analysts and the media people. As the current research shows, both can distort the company's message and create information confusion and noise.

a) Internal Substitution issues: Cooperation and Replacement of the IR office by the Registry Shareholders (Metochologio) office

As mentioned in 3.5 and 3.6, it is compulsory for all Greek listed companies to operate a "metochologio" or registry office, which deals mostly with individual-retail shareholders and informs them about stock transfers, dividends payouts, stock certificates and other similar information. The majority of the companies' top executives interviewed believed that the *"two departments are fully complementary in terms of their scope and objectives,"* as one CEO stated. In contrast, most of the analysts believed that the *"two departments work competitively"* and not in a complementary way, while the majority of the institutional investors feel that *"there exists a conflicting symbiosis of the IR and the registry office"*, and they act only partially in a complementary way. In smaller companies, the registry office, owing to cost savings and non qualified communication people, *"tackles and deals with more complex disclosure issues"* such as general assemblies, press releases, etc. and, as this research shows (8.1), the result is that these companies are mostly introverted and passive in reference to their communication. 46% and 69% of the medium and small capitalization firms stated that they have only a "*registry office*" and they are "*satisfied*" with their communication policies. On the contrary, the big capitalization listed firms operate both IR and registry offices and they indicated that *"the two offices' activities are cooperative and efficient"*. As an IRO mentioned, the IR office serves mostly *"the institutional and big private investors, while the registry office takes care of the day-to-day, low end and value added activities"* (i.e. dividend payout, change of address, share ownership transfers, etc.), mostly of the small shareholders. This arrangement leaves enough time and space for the IRO to *"deal effectively and efficiently with the major shareholders and simultaneously with the large private investors-shareholders"* by informing and implementing IR policies, as another IRO stated. It is recommended that the registry office should be a subdivision of the IR office and coordinate with the IROs in terms of information content and communication tactics.

b) External Substitution issues: Cooperation and Replacement of the IR office by the analysts and media people

As shown in chapter 8.3, most executives running the bigger corporations believed that they do not face substitution problems from analysts and journalists. In contrast, most of the executives from the small and medium size companies stated that *"the intermediaries create communication problems and noise"*. Most of the analysts interviewed accepted the existence of duplication and even *"the replacement of the IROs' efforts and activities, especially when the IR offices are not organised and well functioned,"* as one local analyst said. The majority of the institutional investors interviewed also accepted possible duplication of the corporate communication, more from the analysts and less from the journalists and especially for the smaller capitalization companies.

9.5 Corporate communication and IR tools

In this section, implications of the corporate communication of the Greek companies and the execution of their IR programme are described. In other words, the means by which the listed companies communicate with the analysts, the fund managers and the other market participants, along with the importance of the different means of communications, are evaluated. As mentioned previously, the IROs can supply company information through the regulated standardized channels and/or through intermediary market players and/or through voluntary means. The current research focused mostly on the voluntary IR means that provide a proactive effort and essence to the Greek companies and the market (chapter 8.5). It was found that the Greek firms which are committed to good communication and try voluntarily to be visible on all financial markets do their best in terms of communication and investor relations, by going beyond the regulatory framework.

9.5.1 Regulated corporate disclosure and IR communication tools

As described in chapter 3, the mandatory corporate disclosure for the listed companies is initiated, recommended, enforced and controlled mostly by the Greek SEC (the Capital Market Committee). This takes place in return through the corporate governance directives and other securities' regulations and laws. As the research indicates, it is accepted as given by the analysts, fund managers and other market players. For instance, the companies are obliged to *"publish a highly analytical and bulky annual report in Greek, before the ordinary annual assembly in June"*, in order to be distributed, read, approved and sometimes voted for in the general meetings. But only half of the companies interviewed produce annual reports in English, and even fewer publish them on a regular basis (i.e. every year).

a) Corporate Governance and IR

Most of the listed companies interviewed believed in the strong relationship and interdependence between the CG and the IR. The majority of the analysts as well as the fund managers suggested the existence of strong or moderate interdependence and positive relationship between IR policies and Corporate Governance (CG) principles.

b) Greek and EU Corporate Governance

The majority of the executives described the necessary, speedy and obligatory convergence of the local and EU Corporate Governance platform (Chapter 8.4). A sound example is the mandatory application across the EU markets of the International Financial Reporting System (IFRS) or IAS as well as the focused but still discretionary consideration and implementation of Corporate Social Responsibility (CSR) issues. All analysts and fund managers also confirmed the implementation of EU corporate governance regulations across all European markets, the speedy convergence and their positive role in the Greek market place. One London based analyst maintained that *"the convergence of the regulations across markets and countries helps the Greek IROs, since they use similar if not the same mandatory communication channels as do IROs in other countries"*.

c) Maturity of the IR function and IR Life Cycle stages

Most of the executives interviewed, as well as the analysts and the fund managers, accepted that the Greek IR profession is at its early stages and can learn much from experienced IROs, the local IR association as well as other industry societies. An implication from the interviews is that the local IR society (HIRI) should educate or train professionals in the smaller capitalization firms on how to implement effective IR programmes and policies. Another implication is for the CMC to try to recommend the creation of an IR department in addition to the *"mandatory"* shareholder registry office. The interviewees, however, gave no clear answer or indication to the possibility of a CMC recommendation, *"examining and approving the qualifications of the IROs and prospective IROs"*. One local fund manager added, *"It is up to the top management to comprehend the necessity of the IR function and the quality of the IRO, and proceed to the implementation of their communication policy"*. HIRI, as suggested in 8.4, can help the medium and small Greek companies in particular to expose their investment cases abroad through industry conferences and Greek days where local companies present in major financial centres.

d) Greek industry structure and IR

All the executives interviewed pinpointed the different set up which exists in Greece in terms of *"industry culture and structure that affects the application of the mandatory and voluntary disclosure policies,"* one CFO mentioned. For instance, the small size, the family dimension, involvement and in most cases control and manipulation the strategic orientation and outlook etc., are only some of the factors that affect the companies' communication policies. Indeed, 88% of the large capitalization companies, 32% and 49% of the medium and small size companies agree on *"the particularities of the Greek market structure"*. The small percentages from the smaller companies, as mentioned in 8.4, and emerges from the interviews, are proof that these *"family structured companies take more time to initiate changes towards better disclosure,* *corporate social responsibility, professional management, auditing, and shareholder value creation,"* as one CEO stated. The majority of analysts and institutional investors also pinpointed the particularities of the Greek market, especially the *"formation of the industry structure, the family-small size of the listed companies, the profile of major shareholders"*, even the inexperience of the top management, as a global fund manager mentioned, that resembles more closely the *"entrepreneurial style"* rather than growing global companies being run by professional management.

9.5.2 Corporate disclosure via intermediaries and IR tools

As mentioned in chapter 4, the IROs can utilize the influence, the knowledge and the analytical capabilities of the market intermediaries to convey the company's message to the market. This research identifies and focuses on two major intermediary groups: mostly the sell side analysts and partly the business journalists. The findings show that both play an important role in the communication process, and sometimes either replace or even create so much information noise that it is detrimental to the IR departments and consequently to the listed companies, as described previously in this chapter.

I) Analysts as communication channels and IR means

Analyst communication, especially through the analysts' reports or coverage, is considered by the listed firms to be of high importance, as chapter 8.8 shows. Most of the company executives interviewed stated that one of the first questions both local and global fund managers ask them is *"who covers them?"* The value of these reports increases if they are written in both Greek and English. For their part, the analysts interviewed valued their *"product"* moderately as a communicator of company's information. However, the fund managers believed in the *"high value of the analysts' reports, especially if they are continuous and analyze semi-annual and quarterly financial results,"* as one said. They also indicated that analysts' reports *"help them in their investment decisions and consult with these reports before they invest in a stock"* (chapter 8.8).

a) Company's feedback on sell side analysts' reports

The feedback to the analysts' reports is considered to be of high value by the executives, but mostly by the analysts and the fund managers. In particular, as reported in chapter 8 (i.e. 8.5, 8.8), the company's executives, in particular the IROs, confirm reasonable forecasts by the analysts, comment on their profit estimations and also give guidance on other financial, strategic and operational issues.

b) Company's relationship with sell side analysts

In the current grounded research. acceptance, trust and close relationship are demonstrated amongst the top management. the analysts and the fund managers. The majority of the executives interviewed believed that analyst meetings and presentations as well as telephone conversations with them are very important in the corporate communication. Most of the executives mentioned (chapter 8.6) the objectivity and non-biased effort by the analysts to evaluate the listed companies. *"without focusing either on the short-term profitability or on the long-term prospects, therefore without losing sight of the current value of the companies,"* as one IRO said. The analysts interviewed provided that communication through email, the telephone. and mail. as well as the personal contact with the IROs, builds and continuously strengthens relationships with them in order to avoid surprises and information noise.

c) Analysts' substitution effects of the IR function

The majority of the executives interviewed, as mentioned previously in this chapter. suggested that the sell side analysts operate in a complementary mode with the IR people. However, a minority of the executives interviewed, especially those from the small capitalization stocks, argued that the deficiency of nonqualified IROs and well organized and structured IR offices invite analysts to replace the official company voice. This substitution creates unnecessary noise and misinformation. which in turn distorts the communication of company's information and widens the information asymmetry. In contrast, the analysts interviewed observed *"no substitution but moderate duplication"* and the fund managers accepted moderate overlapping (chapter 8.3).

d) The communication role of the analysts' dailies

Most of the Chairmen, CEOs and CFOs interviewed argued that the dailies by the sell side do not create any disclosure problems for their companies. They are confident that the dailies promote their investment cases, and stated that is up to the IROs to evaluate the communication weight of the dailies. The IROs interviewed mentioned that the *"exposure through the dailies, measured by the calls and site visits their companies accept after the publication and distribution of these dailies, can be considered as free marketing and advertising to the market players"*, and especially those who *"invest in Greek stocks"*. The majority of the local and global analysts interviewed believe that the *"dailies"*, especially the local analysts' dailies, *"are adding value to the information process"*. They also suggest *"the impartiality and objectivity of the dailies"*, since the analysts' reputation. the following and reading by the fund managers, the checking by the SEC watch dogs among others are excellent motivators for unbiased dailies. The local analysts also stressed their tendency to *"avoid media sources for their dailies and their effort to depend on reliable, direct and official company's information"*. Along the same lines, most of the fund managers interviewed indicated that these dailies by the sell side *"do not create disclosure problems or corporate governance complications to the listed firms"*, and are useful to the communication of company's information owing to the frequency, objectivity and global reach of the dailies.

II) Financial journalists as communication channels and IR means

Corporate communication via the other important intermediary group, the financial journalists, especially through their reports in the newspapers, magazines and TV, is lightly investigated in the current research. As chapter 8.3 shows, many negative *"quotes"* on the media role were taped during the interviews with the companies' executives especially from the smaller companies. Some executives stated that *"there is IR substitution"* but they accepted the *"indirect communication process and possible misinformation and confusion created by the media people"*. It is a challenge for future research since *"in this small market, it plays a vital role in the corporate communication and affects the companies as well as the other market forces"* as a CEO stated. *"The journalists affect our communication and many times misinform the foreign institutional money managers"* another CEO mentioned. *"We try to avoid them before the publication of our results but they always write something in advance"* a CFO reported. *"It takes us a lot of energy, time and persuasion to disappear the noise that they create,"* a BoD chairman mentioned. Possible communication misinformation, even IR substitution by the local journalists was suggested by the analysts interviewed, but not so much by the fund managers interviewed (chapters 9.3, 10.3). *"We take the published information as reliable since it is appears in the newspapers, but sometimes it is not,"* a London based analyst said. "*Yes, we have learnt the Greek media workings very well and we always cross check with the companies,"* a global fund manager stated. The majority of the interviewees, especially the executives of the listed companies, indicated that this area should be researched more.

a) Journalists' substitution effects of the IR function

Most of the executives interviewed accepted that the media articles create disclosure problems or frequently substitute official announcements by the company. Only a minority from the large capitalization companies, which have the means and the power to diffuse any premature writings and newspaper articles, pinpointed no media substitution or replacement issues. Therefore, the majority of the listed firms are at least suspicious, if not afraid, of the media substitution of the communication process, and for them an *"indirect communication process"* exists which distorts truthful, correct and reliable company information and creates information noise, which in turn affects share price, trading behaviour and shareholders' appetite. As mentioned in chapter 8.3, *"incorrect or misinformed articles by journalists create time-consuming disclosure problems and information side effects"* (i.e. wasted time, confusion, misleading information, wrong interpretation, etc.). The information conveyed through these newspapers wastes time for the company's management, confuses the investors and affects negatively the credibility of the company's management and disclosure policies. Therefore, it is highly recommended that the companies, in order to avoid information noise, should assign specialized persons to talk to the media. On the contrary, the local analysts interviewed view the media articles as important company disclosure and sometimes as a source of *"primary company data for their own dailies"*. As noted before, frequently the analysts' dailies have become the users of the indirect primary data and company information, since the journalists generate them in the Greek language and the analysts translate them into English in order to inform their clients. The global analysts accept that substitution might take place, but they stressed that *"usually these kinds of phenomena exist when the IR office is weak or non-existent"*. The majority of the fund managers doubt if the journalists' articles create any substitution effects for the IR and they declared that *"they even capitalize on the value that these articles contribute"*. Some of them even believe that the articles are complementary and to the benefit of the IR function. It probably shows that the fund managers are *"thirsty"* for more and regular company information.

III) IR consultants as communication channels and IR means

As mentioned in chapters 2.4.4 and 5.3.3, the development and proliferation of the IR profession in Greece and the consequent expansion of the IR idea in the Greek market place were partly motivated, initiated and promoted by the London based IR consulting firms during the multiple listings of the Greek companies. This research found that only few foreign (and local) IR consultants operate in the market place owing to the cost element as well as disbelief and misunderstanding by the top executives such as the CEO, the CFO and the BoD Chairman. *"They charge a lot of money and they do not comprehend the Greek business conduct,"* a CFO mentioned. *"These people believe that they can apply the London policies here,"* another CFO added.

a) External IR consultants in the company's communication

As indicated in chapter 8.2. on average more than 2/3 of the listed companies do not use the services of the IR consultants. As mentioned in previous chapters, the IR consultants based in London charge high fees for their services. This, when coupled with the lack of clarity, misunderstanding and misperception of the IR operation line, and, more important, the vagueness of the IR results and effectiveness, cause the top managers to shy away from hiring external IR consultants. It is recommended that the London based consultants should educate and put in place a *"concrete IR plan with specific tasks and results oriented timetable,"* as a CEO stated, to the senior management, and then *"we are ready to accept their IR programme into our integrated corporate communication policy,"* he added. It is also indicated in 8.2. only few of the analysts and fund managers interviewed identified some companies that outsource IR activities to external consultants, but they suggested these services since they themselves and their end clients demand high valued IR services through direct, timely, exact and reliable company information and the IR specialists are experienced in advising and delivering such services.

b) Related IR consultants in the company's communication

The majority of executives interviewed (8.2) declared that they do not use services from IR professionals, such as Annual Report Specialists, editors, targeting specialists, et al., but they do employ services like annual report printers, editors etc.; this is especially the case among the firms that publish Annual Reports in English. Nevertheless, most senior executives from smaller capitalization firms indicated the need to employ the services of global IR related consultants, owing to the non existence of internal and local IR expertise and tools. The analysts and the fund managers emphasized that the listed companies *"should seek outside help in order to improve their communication tools, process, timing and message in English"*.

IV) Auditors/Lawyers and other intermediaries as communication channels and IR means

The current grounded research has not focused on other intermediary groups and their role in the corporate communication; these are a subject for future research. The auditors' work has become more standardised as a result of the EU IFRS accounting rules and they could not affect the communication process and product (i.e. financial statements).

a) Auditors' role on the company's corporate disclosure policies

As indicated in 8.3.8. the majority of company executives interviewed consider that the auditors do not play any role on the company's disclosure policies.

9.5.3 Voluntary corporate disclosure and IR means

As this research indicates, the Greek companies. in order to distinguish themselves from the other firms, should initiate and apply creative communication strategies and voluntarily employ means such as conference calls. one-to-one meetings and roadshows. multi language web sites. etc. The research also shows the preference of market players interviewed in terms of IR tools and identifies as the most effective information channels the one-to-one meetings, the use of e-mail and telephone among others.

1. ***Group presentations***

These presentations can take the form either of one company presenting to analysts. fund managers, bankers, etc., or of a group of four or five listed companies presenting to a diverse audience of market players. Most of the top managers interviewed stated that the group conferences are very important because *"they expose the investment story to many people as well as updating on financial results, strategy and company's operations,"* as one CEO mentioned. Also, *"they split the cost among the participating companies"*; *"they learn from the other presenters"*; and *"they attract more people due to company and industry diversity,"* as some executives mentioned.

<u>Table 9.3:</u> Who represents the company in group meetings?

Executive	FTSE/ASE 20 (%)	FTSE/ASE 40 (%)	FTSE/ASE 80 (%)
Chairman of BoD	13	52	60
CEO	38	60	48
CFO	100	76	57
IRO	100	76	69
Marketing Director	6	8	-
Chief Accountant	6	8	9
External IR Consultant	12	4	-

Participation in group conferences is indeed beneficial for companies from an emerging market like the Greek one, because it enables companies to learn about IR techniques (learn from other presenters' methods of presenting, styles, tactics, annual reports, etc.) and it can be more promotional as industry group conferences. HIRI (the local IR society) and the author (as president of HIRI) have organized the group presentations of many Greek companies to targeted financial centers such as Frankfurt, Geneva, Zurich, Milan, Paris, etc., during the last five years and these presentations have proved to be an effective form of communication, especially to those financial markets that hardly know the Greek market. The analysts and the fund managers interviewed also evaluated highly and provided that they prefer group roadshows as an efficient means of company information. The participation rate in these group conferences is satisfactory and the highest ranking officials are involved, as the research indicates which proves the importance of this communication channel.

2. ***Private or one-to-one meetings***

Private meetings are recorded as the highest preference for the majority of the company executives and these meetings are the *"high-end tools for the IRO and the most challenging for the company,"* as one CEO stated. *"Our senior management commits a lot of time to the private meetings and considers them to be of high added value to the corporate communication process,"* a BoD chairman also stated. As the current research shows, the smaller the company, the bigger the propensity to employ one-to-one meetings as an effective form of corporate disclosure (chapter 8.5). The same applies to the intermediaries and especially the end users, since they like to create direct communication with the companies which they own. Because of the high importance of the private meetings, the IR office should initiate more one-to-one meetings and focus on targeting the *"proper market participants,"* as one IRO suggested. In terms of information distributed, the analysts indicated that the explanation of financial results, the breakdown of figures by line of business and geography, the future projections and cash flows all need to be given more attention by the companies (Table 8.14). The fund managers indicated their need to receive more and detailed information on the company's specific activities (such as profitability and sales forecasts, cash flow situation, dividend policy, etc.) rather than macroeconomic trends (table 8.15). That *"reflects on the qualification of the IRO since he/she should be able to collect, distribute and explain the numbers intelligently and in depth,"* as one local fund manager mentioned.

Table 9.4: Who represents the company in the private meetings?

Executive	FTSE/ASE 20 (%)	FTSE/ASE 40 (%)	FTSE/ASE 80 (%)
Chairman of BoD	38	80	75
CEO	40	85	80
CFO	100	100	100
IRO	100	100	100
Marketing Director	1	-	-
Chief Accountant	1	-	5
External IR Consultant	-	-	-

As implied from this grounded research, the most effective way of communication for the IR practitioners and consequently for attracting foreign funds into the Greek money market is the direct contact with the foreign institutional investors, rather than via the different intermediary market players. The informal or individual or one-to-one meeting is an imperative IR tool for the Greek listed companies for not only the foreign institutional investors but also the analysts and other agents of the stock market. who have formed a good or bad idea and perception of Greece and the Greek stock market. Their bias is entrenched in the uncertainty. lack of confidence and reliability. poor information and inconsistency concerning corporate governance issues. The concept of direct and proper information to the global fund management community. especially by visiting their offices and briefing them on the history and perspective of a company. is the best way of selling that company's share. As the research indicates. the majority of the IROs believe that the one-to-one meetings where the target is the institutional investors are the most effective communication tool. *"Since they are not coming to us, we have to pay them (the fund managers) a visit,"* one IRO declared, and *"revisit (them) frequently through a consistent roadshow targeted plan,"* another IRO stated. Some academic research in the IR area leads to similar if not the same conclusions. As mentioned in chapter 6, the study by Marston (1996b) on 547 listed companies in the London Stock Exchange. the study by Holland (1997) on 33 CFOs listed companies in the LSE and the research by Eccles and Marvinac (1995) on 200 CFAs and 200 FMs in the USA, to name a few, also concluded that the individual meetings are the most effective means of communication. Annual surveys, conducted by the internationally recognized specialized magazine, (i.e. IR Magazine-Yearbook 2002, page. 6) on the 200 largest European companies, for the European Institutional Investors provide that the most effective communication means is the one-to-one meeting (79%, as shown by the table below).

Table 9.5: Effective IR communication tools

(%)	European Companies Institutional Investors	European Companies Private Investors	Greek Companies FTSE/ASE 20	Greek Companies FTSE/ASE 40	Greek Companies FTSE/ASE 80	Greek Companies Local CFAs	Greek Companies Global CFAs	Greek Companies Local FMs	Greek Companies Global FMs
Group Meetings	14	12	44	32	40	24	10	77	100
Private Meetings	79	8	88	92	94	100	100	100	100
Telephone	-	-	94	76	91	88	100	85	89
Reports feedback	-	-	88	100	91	-	-	23	100
Direct Mail	0	14	94	92	86	3	-	54	84
Site Visits	-	-	100	96	80	29	70	100	100
Analyst coverage	-	-	100	88	77	12	-	69	100
Email	-	-	100	100	94	94	100	100	100
Conference Calls	2	1	44	20	6	32	100	54	14
Internet	1	50	94	92	94	24	8	62	84
Web casting	-	3	19	12	9	-	-	-	-
Shows	1	1	-	-	-	-	-	-	-
Public Relations	1	7	-	-	-	-	-	-	-

Source: IR Magazine. 2002; this research.

Table 9.5 shows clearly that private meetings get the highest ranking among European and Greek companies compared with other communication tools. Private meetings can take place either on the company premises (i.e. meetings in the company's headquarters during site visits) or on the other market players' offices (i.e. meetings in the fund managers' headquarters during roadshows). The process in a private meeting on the company's premises, as identified by the interviewees in the current and previous research (Demos, 2002c), can be as follows. The IRO meets with the analyst and the investors first, for an adequate length of time, in order to communicate to them the basic updated information such as financial and operational results, trends, competition, etc. Then the CFO steps into the meeting room *"to explain the financials and value the company's investments"*. The CEO later enters the meeting *"to provide the strategic orientation of the company"* and finally the Chairman of the Board of Directors concludes the meeting *"to comment on the business environment, corporate governance issues, government relationships"* and other macroeconomic phenomena. A major task for the IRO during the meeting is to make notes, highlight unanswered questions, observe body language and possibly direct and correct the management. The IRO also either at the beginning or at the end supplies the visitors with a package of company information or a disc. Implications for the process in a private meeting on the fund managers' headquarters, during a tactical or proactive roadshow, have been drawn from the interviewees in the current and previous research (Demos, 2002d), in reference to: the participation of senior executives, (i.e. most of the fund managers want *"to meet with the CEO and CFO");* time punctuality issues (i.e. *"being late for an appointment diffuses the roadshow effort,"* a London based fund manager stated); conduct issues (i.e. *"many Greek executives light a cigarette without even asking,"* another global FM mentioned); telephone issues (i.e. *"using the cell phone is unacceptable during a meeting,"* another FM advised); body language issues (i.e. *"talking in Greek or with body language among themselves during the meeting is observed with Greeks,"* a FM from London documented).

3. ***Telephone use***

All companies use the telephone extensively, especially the mobile telephone, since information communication over the phone is of high value, as those interviewed declared. The research (chapter 8.7) showed that the IROs of the smaller companies use the phone less than the CFOs and the BoD Chairman; that is because *"our IRO is not able and qualified to convey the proper company information and answer difficult questions,"* one CFO mentioned, and consequently *"this job becomes my* *responsibility"*. One implementation made clear from the research is that the smaller capitalization companies should try to train their IROs to accept the calls by the market players and *"protect us by creating a buffer zone between us and the analysts and especially the journalists,"* one CEO suggested. The Greek IROs should also try to make notes from the telephone conversations in order to follow up with the requests, and, most important, *"to accordingly inform the top management of what it was said over the telephone conversation at the specific time,"* as another CEO recommended.

4. ***Direct Mail***

Since internet penetration in Greece is very low, and given the cultural dimension of the local market, companies communicate a great deal through direct mail by sending and receiving annual reports, marketing tools, press and quarterly releases, CEOs' letters, etc., as shown in chapter 8.9. The IROs should, however, *"try to communicate the same information by other means, such as email, since sometimes the postal function is neither reliable nor quick,"* one analyst suggested.

5. ***On-site visits to companies***

As noted in chapter 8.5, visits to the company headquarters and other operation facilities are used extensively in Greece. The Association of the Greek Fund Managers implements the *"site visits"* regularly in their annual programme and these represent a major part of their company information activity.

6. ***E-mail***

As reported by those interviewed (and shown in table 9.5), the use of email (as also named internet financial reporting) is one of the leading means of communication, owing to its speed, cost effectiveness, directness and easiness. E-mail is used extensively to deal with questions from analysts, FMs, bankers, et al., and to send press releases, to file official announcements, and obtain feedback from the market (8.11).

7. ***Disclosure via Internet sites***

Website communication is also extensively used and highly appreciated by all market players as well as the Greek companies. As the research indicates (8.13), the majority of the firms use their web site as an authoritative, complete and official information source for shareholders and stakeholders alike. The website is an information tool that covers the *"equivalent information"* principle and belongs to the public domain information set which satisfies many Corporate Governance guiding principles. Some of the analysts and fund managers interviewed indicated that the sites *"need a lot of upgrading and modification in order to become more information-releasing tools"*. As a London based CFA mentioned, *"the creation of an information equivalent English section"* as well as multi-language sections on the sites is strongly recommended. In order for the Greek companies to promote themselves effectively into specific markets, they should *"translate major sections of the information into German, French, Russian, even Arabic,"* a global fund manager suggested. These customized language sections could *"become an efficient communication tool for increasing the number of a targeted country's shareholders," another* global analyst suggested. In addition, the companies collect and register the names of those who visit the website seeking information about the company. Sophisticated website management from the companies is also observed and it is measured by the links that the company's site has with site promoters, industry search engines and others.

8. ***Conference calls***

Conference calls have not been established in Greece as an effective and efficient communication channel and only some of the big capitalization companies employ it (8.12). The information intermediaries as well as the information end users, especially the global ones, value this tool of communication highly. The benefit of this communication tool is to *"interactively present and explain the financial results on a consistent base every quarter,"* a London fund manager stated. The challenge and the recommendation for most Greek companies are to utilize the conference calls.

9. ***Web casting***

Web casting is at a *"primitive"* stage in Greece, as indicated by all those interviewed, despite the beneficial dimension of this communication tool. As table 9.5 shows, video and audio web casting is rarely used, even in Europe.

10. ***Roadshows communication***

The roadshow communication policy is much appreciated and implemented by most Greek companies, and, as mentioned by the executives interviewed, it is an effective channel *"to increase the company's visibility, share liquidity and capital attraction and consequently investment,"* as a CEO mentioned. According to the current research, the bigger companies offer mostly relationship roadshows, while the smaller capitalization companies prefer proactive roadshows (chapter 8.10). All the analysts and fund managers interviewed prefer the roadshow communication policy since it improves understanding of the investment case as well as making it possible *"to meet with the management personally"*. However, they believe that the Greek companies should *"plan more roadshows and the full spectrum of the top management should participate"*. "We expect to meet the company's insiders at least once per year," one global fund manager said. It falls within the responsibility of the IROs to plan and execute the roadshows to keep the relationship *"close and alive"*, as another fund manager stated. The research also shows that the responsibility of the IROs to organize proactive roadshows is a difficult task, since he/she has to initiate, target and match the company and its investment story with the appropriate financial market, fund managers and prospective investors. As preparatory work for these roadshows, the task of the IROs is *"to prepare the logistics as well as the IR secondary tools such as presentation, friendly user site, illustrative annual report, analysts' coverage reports by the sell side,"* as one IRO mentioned.

*11. **Multiple Listings and corporate disclosure***

The grounded research shows (8.2) that the benefits of the multiple listings are comprehended by the top executives. Their perceptions are divided mainly between the believers in moderate benefits for the dual listing and those who perceive major influences and gains, especially to the IR function, the disclosure process, the liquidity and performance of the stocks, and the company's capital cost. The importance of dual listing is also accepted by the sell side analysts because of the *"ease and preference for the disclosure policies that dual listed companies have and follow"*. The same was answered by the institutional investors interviewed, although the local fund managers mentioned that a company can *"disclose adequate information voluntarily and promote its stock with or without a dual listing"*. In conclusion, it is recommended that the IR department should *"promote the underlying stock to the market-country from which investors are coming and/or in which the company has operations"*. An effective promotion and creation of solid confidence level with these country's funds is "to list in the domestic exchange for communication in the local language, as well as for trading, liquidity, coverage and even attraction of retail investors," as a global fund manager suggested. As the financial analysts also mentioned, some differences between ASE only listed and dual listed companies can be identified, not so much in the content and substance (since lately the compulsory rules have become uniform and standardised across the European Union, North American and Asian markets) but in the *"functioning, mentality, proactive action, perception, and even behaviour of the top management"*, especially since the IROs have to deal with multi-filings, strict corporate governance and mandatory disclosure policies that make them more alert, quicker to act and respond, more flexible and efficient. The opening of an IR office in the NYC to cater for the US and Canadian institutional investors and analysts, and another one in London, is highly recommended for most companies and is less costly than outsourcing the job.

9.6 IR Effectiveness

The next step in the aforementioned IR activity framework (Figure 9.1) is to evaluate the effectiveness of IR, based on the research results.

a) Communicating with the top management of the listed companies

As the grounded research indicates, the majority of analysts and fund managers interviewed have a direct line of communication with the top management of the listed companies, especially those on which they write reports and in which they invest. In particular, the analysts, as well as the London-based fund managers, prefer to talk to IROs, CFOs, CEOs, and the BoD Chairman, in order of importance, while the local institutional investors prefer to speak to IROs, CEOs, CFOs, and the BoD Chairman (Table 8.4; Table 8.5). It may be concluded that both local and global analysts and fund managers recognize the IROs as *"a reliable source of information and principal communication partner in the company"*.

b) IRO's participation in the communication process

The majority of the analysts and fund managers interviewed know the IROs in person communicate and meet with them frequently (8.1).

c) IROs' providing quality of information

The majority of the local analysts reported satisfaction with the explanations by the Greek IROs on almost every subject, such as strategy, competition, financials, marketing, operations, personnel and forecasts. The CFAs interviewed also emphasized that *"the IROs are very strong in communicating financial figures"*, since most of them were trained and worked as financial analysts and/or have a finance and accounting background. The London-based analysts were also satisfied with the strategic as well as the financial analysis by the IROs (chapter 8.1). The local and global fund managers reported that they frequently and satisfactorily discuss and analyze equally the strategy, implementation and financial situation of the companies. The fund managers also added that their buy-side analysts, as the people who analyse and advise them, communicate constantly with the IROs, since *"although the IR people represent either the biggest shareholder and/or the senior managers (the company's insiders), they reveal what really is happening in this company,"* as one global FM mentioned, and because *"as professionals, they try to convey the real company situation,"* as another global FM stated, in order to avoid any illegal conduct, to uphold their reputation in the market place, etc.

d) Time concerns

In terms of time spent with the companies. or better. the IROs. the local analysts interviewed indicated that they devote on average one month annually to doing so. while the global analysts indicated that they spend on average half a month per year (chapter 8.1). The local fund managers reported that they talk to the IR office of the targeted listed companies on average 40 days per year. while the global ones talk to the companies 20 days per year on average. The conclusion is that both the analysts and the fund managers are interested in their investments and therefore keep communications open and are on line with the IROs. Issues for further research are: who initiates the talk; is it the IRO who seeks communication; is it the analyst or the fund manager who asks first? Referring to the speed of the IROs, the research found that the local analysts and fund managers receive answers promptly and efficiently. but they observed that *"delays are caused by the inefficiency of other departments in the company"*, such as accounting, marketing, supplies, R&D. etc. (chapter 8.1). In addition, the interviewees reported that the IROs try to convey and disclose quality information to the market, but sometimes the top management and other insiders have *"different objectives, in terms of the timing, quality, reliability and symmetry of information,"* as one local FM stated. On the other hand, the research indicated that the information speed to the global analysts is faster from the IR offices: information reaches there within a day in most cases and within a couple of days in the worst case scenario. This implies that the companies are more sensitive to the requests of the global analysts, since both the IR departments and the top executives release information (in English) more easily and with more speed to London based analysts and fund managers.

e) IROs overall effectiveness

As the grounded research shows, the top executives (CEOs, CFOs and BoD Chairman) of many listed companies accept and expect that the IRO. as an educated and experienced professional, *"can analyze, understand, give feedback, evaluate the company's business model, advise the board"* as a CEO stated. However, the research indicates that most of the executives *"do not leave enough space to the IROs to function proactively, imaginatively, and creatively,"* as one IRO stated. Overall, while 2/3 of the local and global analysts are satisfied with the service of the IROs, the remaining 1/3 expect better. faster and more reliable information from them (8.1). Although it is concluded that overall the Greek IR departments serve these information intermediaries well. more is expected by them. In addition. the interviews indicate that the IR departments without IROs *"do not serve the market players satisfactorily. nor do they give correct and timely feedback to my analysts' reports,"* a director of research stated.

Findings from the interviews with the local and global fund managers show that the end information users accepted that the majority of *"the Greek IROs are well equipped to respond and help them to understand and decide upon their current and future investments on the listed company,"* as one fund manager mentioned. As evidenced in previous chapters, the global fund managers interviewed in particular deal with and invest in only big and some medium capitalization companies, which overcome the liquidity and free float concerns, that the smaller listed firms confront in almost every trading day. As also reported by many analysts and fund managers during the interviews, *"the personality dimension of the IROs plays a very important role in the disclosure business"*. In addition, the company information requirements by the end users, such as the institutional investors, existing and prospective shareholders, directly to the IROs or indirectly through the information intermediaries such as the financial analysts, constantly guide and motivate the IROs to be better and faster in communicating reliable, faster and critical information.

f) What constitutes a good and effective IR office?

As mentioned in 8.1, an effective IR department should *"provide accurate, credible, systematic and in-depth company information"*, and the IRO should have a detailed *"knowledge of the company, knowledge of the market and the sector, good knowledge of strategic matters and financial figures"*.

g) Intra-communication

The analysts and fund managers interviewed indicated that they prefer to communicate mainly with the IR office but many times they are directed to other company officials (such as those in the registry department, accounting, marketing, R&D, etc.) when "they do not obtain the required information" or the IRO is not capable of answering their questions or there is no IR department, etc. When they do not talk to an official assigned spokesperson, the global analysts and fund managers reported that they "become confused and are discouraged from investing in this company". Some even described this process as a "Byzantine labyrinth" and declared that they "cannot cope with this communication process due to language barriers, time and reliability concerns". Only some interviewees accepted that they talk to other company departments, by necessity and on a small scale, but they do prefer to talk to an IRO. The Greek fund managers interviewed also indicated their preference for the same line of communication and recommend the establishment and upgrading of the intra-company communication. Despite that, they can communicate in Greek with all company departments.

h) Designated official spokesperson

The majority of the analysts and fund managers interviewed prefer that the IRO is the company's spokesperson designated to all market participants, including the media, and that he/she should function as the main *"processor"* of information to the market as well as feedback to the company management.

i) IROs' tools

The analysts interviewed read the official IR press releases carefully. The majority if not all fund managers interviewed also read the official and formal investor releases, the *"press releases"*, the newsletters by the IR departments, after the semi-annual and quarter results or any other important material or management change in the company activities. They consider these investor releases to be the most authoritative and reliable source of information on the activities and performance of the company.

9.7 Summary

In this chapter, the preceding material is integrated, relationships are recognized and stated and implications are synthesized. During the interviews, many executives raised questions such as: Why are the foreign institutional investors not investing in Greece? What would encourage them to come? One policy is for the Greek companies to wait to be discovered. But it is so difficult to be found and identified by the fund managers *"by way of searching on Bloomberg and Reuters, among hundreds of companies from each industry and country,"* as a CEO mentioned. One has to *"get their attention, increase their interest and provoke them to come and visit us"* in order for them to be persuaded that they can make money and have a positive return on their managed funds. Another policy is to get help from the analysts. As previous and the current research indicates, the Greek companies believe in the analytical, evaluation and even promotional skills of the analysts who cover their stocks (Demos 2002c). Many executives agreed with the following statement by a CEO, that a major step for a listed Greek company *"is the analysts' report coverage which disseminates the company's investment case to investors and to the market"*. Another major policy is the implementation of a proactive corporate communication channel, especially through roadshows. The IR office should *"identify and target cities and managers of mutual funds in order to organize visits and appointments,"* an IRO suggested. As evaluated by the interviewees, the visits to the various cities of Europe, America and Asia, and the follow up by the listed company, as well as by the broker or by the bank, constitute important steps in the private meetings procedure. According to one CFO, *"it is the responsibility of our IR department to organize and implement the logistics and the appointments' procedure"* in order to conduct an aggressive promotional campaign. The conclusions and implications of this grounded research could also be useful to capital markets with characteristics similar to those of the Greek market. Small and periphery markets (Bulgaria, Romania, Serbia, etc.), emerging and developing (Turkey. Russia, Ukraine, etc.), EU fledgling markets (Portugal, Poland, Hungary, etc.), EU mature markets (Austria, Holland, Denmark, etc.), as well as regional markets where Greek multinational companies operate (Egypt, Lebanon, Dubai, etc.) could all benefit from the underlying research findings and implications.

Chapter 10.0 Recommendations: Creating an Effective IR Model

10.1 Introduction

This chapter presents an IR model as a synthesis of the underlying grounded research findings, implications and recommendations. As mentioned in the previous chapter (Figure 9.1), the IR activity flow starts with the IR programme and objectives, is constrained by endogenous and exogenous factors, and employs communication means, IR tools and relationship channels through mandatory and voluntary disclosure in order to attain predetermined goals (Table 10.1). This structure is followed in this chapter with a short description about the Greek IR practice.

Table 10.1: The IR activity flow

IR Programme
IR Objectives: Goals and Tasks
IR Prerequisites : Constraints and operational
IR Tools and channels: Regulated – Via Intermediaries – Voluntary Disclosure
IR Effectiveness

10.2 Greek IR practice

As mentioned in chapters 2.2 and 3.5, the Greek IR practising model focuses mostly on corporate public mandatory disclosure (i.e. filing and distributing quarterly, semi-annually and annually financial results, annual reports, etc.) and on *"passive and impulsive action"* by the top management. An effort by the Athens bourse to motivate the listed companies to become more active by recommending and five annual roadshows or group presentations brought mediocre results. Most of the company executives interviewed mentioned that *"these group presentations, in Greek cities, were somehow ineffective, but we learnt to present, to discuss with a large investor audience and promote our stock,"* one CFO said. Some London based consulting IR firms have also tried to fill the communication inexperience by the Greek companies and tried to win over some corporate accounts but were partially ineffective owing to the corporate family structure, language barriers, etc. The London IR consultants have been persuading an increasing number of local listed firms to realize the need to market themselves to the foreign investor community and to set up investor relations departments, usually headed by an investor relations officer (IRO). However, it emerged from the research that most Greek companies, especially the small ones, ignore the requirements of the particular IRO position and rush to fill them with unqualified individuals. Instead of hiring an *"individual with a strong personality, extensive knowledge of the company and the industry and with experience in related professions* *such as portfolio management, analysis, public relations, marketing"* these companies fill the IRO position with a person whose *"most important asset is her relationship to the owners or the top executives of the company,"* as one local fund manager said. As a consequence, "the IRO fails to impress foreign institutional investors", according to one analyst. Greek corporate communication via the analysts was implemented only by some large listed companies. The less frequent and, after especially year 2002, non-existent coverage for the medium and small capitalization firms was another motivator for them to act on their own. The smaller companies tried also to avoid the substitution of their communication process by the media people. As found (8.3), the financial journalists usually replace the small companies' officials and largely affect their message to the market, either directly or via the sell side analysts' dailies. The conclusion is that the implementation of a standardised strategic IR programme might be good for one Greek company but marginal and detrimental for other companies. For instance, the main target for a small capitalization firm is usually the hedge and venture capital fund manager, while for a large company it is the institutional investor who is seeking dividends.

10.3 The IR programme

As drawn from the current grounded research, an effective IR programme can be separated into five primary activities and sections which define the fundamental corporate communication strategic planning.

a) Strategic corporate communication programme and IR planning

The planning process should involve creating a local (in Greek) but, most important, a global communications framework (in English) and logistics infrastructure as well as a proactive and offensive strategy. This strategy will then be adjusted and refined geographically as local market conditions dictate. For instance, many Greek top executives mentioned that they prefer to promote and "present their investment cases to Italian fund managers rather than to Scottish ones, since the Italians comprehend us better," as a CEO suggested. Central to this strategy will be clear objectives and specific benchmarks for each particular capital market, geographic area and fund type. Specific tactics and policies should be made, for instance, for prospecting "pension funds in Canada, mutual funds in Amsterdam, hedge funds in New York City, private equity funds in Zurich state funds in Dubai," as a IRO suggested. On the global scene, it is imperative that the communication strategy complies with local legal, banking and accounting rules and regulations.

b) IR global strategy at a local level

The IR programme should be responsible for executing global strategy at a local level. Every market has its own idiosyncrasies. For example, in Greece, the top big capitalization companies are divided into joint-stock (government) companies, family controlled conglomerates and subsidiaries of multinationals. In Europe companies and industries are structured differently and "political administration is required". In Asia, as in Japan and Korea, companies employ different management techniques and form clusters of related firms i.e. kereitsu. In the USA, companies are characterised by "free enterprise and lobbying principles" and publicity restrictions are particularly stringent. For 144A public companies in the USA, no publicity of any kind is allowed. The local market characteristics and the use of global communication tools can have different implications in terms of conduct, activity and use of information channels for each market. For example, a CNN interview conducted in London may well be transmitted in the USA, and legal advice is necessary and recommended.

c) Positioning and messaging

The IR programme should include the creation of the company's overall positioning and messaging. Specifically, this will entail "analysing our business model, crafting compelling business definitions and presenting central marketing themes," as one CEO mentioned, to be used across all communication channels and materials Given the intense competition for news as well as "the limited space in the global financial market", the ability for the top management to define the company precisely, succinctly and creatively, from a small country like Greece, in a variety of market situations, is crucial. A well-planned corporate positioning programme, based on an integrated long-term approach to the analysts, the institutional and retail investors as well as the financial media and other intermediaries, is important for creating a "clear understanding of the distinct business proposition, compelling investment opportunity and long-term potential performance," as explained by a fund manager.

d) Crisis management

The IR programme should provide fixed and flexible options for dealing with ongoing issues and also with crisis situations, where corporate communication requires "artistic manipulation". Given the very "liquid nature of information; of international transactions and of internal and external factors which can impact upon the listed company", it will be important to keep continual vigilance over the company's communication front.

e) Proactive approach

The proactive approach is fundamental to a solid IR programme and the style of the corporate communication. and ensures the avoidance of being placed in a defensive and impulsive reaction and position. All communications should come from a position of strength and work to an agreed strategy and timetable. In summary, the IR programme plays an important role on a day-to-day basis, identifying opportunities, managing the local and global communications and providing sound advice to the board of directors and the top management of the company. Creating a global IR strategy provides an invaluable base to all communications activity and ensures that, both globally and locally; corporate information is "tailored and delivered to precisely the targeted and right audience". The company's core message themes will also be embedded in the overall strategy and are a vital part of keeping all communications on track.

10.4 IR Objectives

The current grounded research identified IR objectives in terms of shareholders, share price and IR budget, as the following table 10.2 shows. As the executives interviewed indicated, the prime focus and target for the IR office is the information end user, which is the "institutional investor as well as any other investor and shareholder". It was argued that the IROs' main target and job is to "know thoroughly and extensively the company's shareholders, ultimately to know them in person, by visiting them regularly and to target fund managers and locate prospective shareholders". The use of telephone and electronic (direct) communication "sets the first stage for establishing a reliable and trustworthy relationship". Interviewees provided specific "shareholder" goals (table 10.2) such as to increase the number of large institutional investors, enlarge geographic allocation of money managers, increase employee shareholdings, etc. which can be "attainable and measurable", as one CFO mentioned. "Searching, identifying, locating, informing, attracting and holding" investors and shareholders in turn help "the stock trading, its liquidity and above all the increase of the share price," as mentioned by a CEO. The majority of the Greek executives interviewed asserted that a share price increase is the ultimate goal and the end result for an IR programme and action plan. It is also, as many interviewees argued, "the ultimate benchmark for evaluating the effectiveness of the IR office and the IRO". Most of the interviewees also stressed the cost structure of the IR activities as the set of goals for the IR function. "The IR expenses can blow up the annual budget if not controlled," the CFO of a dually listed company declared. "The roadshows cost a lot of money and sometimes we do not have the approval by the Board, which is why they are carefully budgeted," another CFO stated. On the other hand, "the annual listing fees and especially the custodian expenses should be not on the IR budget since they blow up my budget." one IRO argued. In any case, the implication and recommendation are that the IRO should function with the "least cost" in mind by trying to minimize the IR expenses. In summary, as indicated in the current research, some Greek listed companies have already received good exposure in the global market place, but the setting of specific IR objectives is an important and necessary step for the Greek listed companies in order to establish a more prominent international profile.

Table 10.2: IR objectives and goals

Shareholders	Share Price	Budget and Expenses
Increase number of new Institutional Investors	Increase share liquidity	Minimise IR costs
Increase number of large Institutional Investors (>300,000 shares)	Increase share free float	Minimise PR expenses
Decrease/Eliminate selling by existing Institutional Investors (within specified time)	Increase share price	Control roadshow expenses
Decrease partial selling by existing Institutional Investors (>10% of holdings, as of Dec 31)	Increase effect on cost of capital	Minimise stock exchange costs
Enlarge geographic allocation of Institutional Investors (Germany, USA, Japan, etc.)		Minimise custodian costs
Enlarge type allocation of Institutional Investors (Growth, Income, Dividend, Pension, etc.)		Minimise depositary bank costs
Increase number of Retail Investors		
Enlarge geographic allocation of Retail Investors (across Greece, other countries, etc.)		
Create good mix of Institutional and Retail investors		
Increase employee shareholdings		
Increase cross shareholding with other listed firms		

10.5 IR Prerequisites

The current grounded research found three main categories of prerequisites and requirements that are perceived in and possibly ensure an effective IR policy: a) company's performance (financial and non-financial) prerequisites. b) people related or psychological prerequisites and c) organizational related constraints (Table 10.3). The interviewees indicated that it is very important for every listed firm to cater for the different financial and non-financial information requirements from different audiences. For example. institutional investors require "information on strategy and prospects", while equity research analysts demand "information on accounting and forecasting". The Greek companies would benefit significantly from "communicating clearly to market their policies on corporate governance. management compensation, capital structure efficiency, possible share buyback. service and product strategy and possible hidden value in the subsidiaries which add extra value to our calculations," a global fund manager suggested. Many equity research analysts mentioned that they appreciate continuous transparency in financial reporting. In particular, in companies with multi-market operations. expansion creates the need for appropriate "business by business disclosure, cash flow generation by businesses. and reporting, in a consolidated form, according to IFRS and to US GAAP". In terms of the required psychological requirements, the IRO's personality. ability. imagination, creative, resourcefulness, efficiency and effectiveness "can make the difference for any listed company" and every targeted market. In addition, the perceptions of the senior management of the IR function, the "IRO's capability and their willingness to disclose company information in good time" affects the communication and effectiveness of the IR office. Lastly, the acceptance by the fund managers and analysts of the IRO as a "value added information processor" is of great importance. The IRO should "work closely with the company's senior management to assist the development and implementation of an integrated financial communications programme" in Europe, the United States, Canada, the Far East and the rest of the world. His/her principal areas of focus would be the financial media, the analysts and, most important, the investor community. However, he/she can also assist the company in "developing a communications plan designed to reach out to the same or similar industry companies for strategic partnerships, commercial agreements and strategic investors" as mentioned by a BoD Chairman. The IR organizational constraints were described in terms of the IR office set up in the organizational company chart. the IR operations and the process. Almost all executives interviewed believe that above all "IR effectiveness is a linear function of the IR budget and its organizational setting". As mentioned in the previous chapter, it is recommended that the IR office is strategically located among the Board of Directors. especially its Chairman and the CEO as well as the CFO.

Table 10.3: IR constraints and prerequisites

Company Performance Prerequisites	**Company Performance Prerequisites**
Financial Prerequisites	**Non-Financial Prerequisites**
Clear Strategy and Vision	Working on the good relations with senior management
Sound Business Model	Updating regularly the Board of Directors
Industry position	Informing regularly the top management on IR and communication issues
Solid growth	Informing regularly the middle management on IR and communication issues
Good financial quarterly results	Informing regularly the top management on market's opinion and perception
Profitability ratios	Informing regularly the middle management on market's opinion and perception
Solvency ratios	Informing all executives of roadshow results
Capital ratios	Informing the audit committee
Management compensation	Following regulations and Corporate Governance rules
Share buyback policies	Applying FTSE4GOOD and EIRIS recommendations
	Applying Corporate Social Responsibility issues
	Use of integrated communications
	Quality of IR programme
	Quality of company's objectives and goals
People Related Prerequisites	**Organizational Related Prerequisites**
Psychological Prerequisites	**IR set up and procedures**
IRO's personality	IR Budget
IR perception of senior management	Organizational position of the IR office
IR perception of institutional investors	IR operational procedures
IR perception of retail investors	
IR perception of analysts	
IR perception of financial journalists	
IR perception of other market participants	

The current Greek practice of putting the IR office under the CFO or under the PR Director does not signal "the importance and appreciation by the top management of the function", nor does it give the appropriate "flexibility and freedom to the IRO to communicate effectively in every direction and create reliable and strong relations with the market players", as one IRO mentioned. The company should also have an "in-house graphics department or outsourcing artistic team that can produce computer-generated slide presentations that correlate with the content of the presentation and attract the eye and other senses of the targeted audience," a local fund manager suggested. From a procedural viewpoint, as the research indicated, principal IR policies for the institutional investors and equity research analysts would be to meet "with the CEO at least once per year, the CFO and IRO more and maintain a programme of operational site visits" as an analyst urged. "We would like to receive continuous information, clear guidance on earnings and comments on stock, industry and regulatory developments," another analyst suggested. We "sustain a programme of frequent contact between the sell side as well the buy side and the senior management and keep the two lines of communication open," an IRO stated. Given the aforementioned constraints, the IR office should develop a compelling investment rationale which will define the answer to why an investor should buy the particular company stock. This rationale should be communicated consistently to investors, the analysts, the financial press and other market participants, and the messages must be consistently repeated through all IR channels.

10.6 IR Tools and Channels

The company's investment rationale needs to be communicated throughout all mandatory (public and private), intermediary and voluntary communication channels, as Table 10.4 shows. For instance, it could be the theme in the annual report, the core message in an analyst presentation, the focus in a company media profile, etc.

a) IR tools for mandatory corporate disclosure

The current grounded research indicates that corporate governance rules and stock exchange regulations monitor the communication of information but "by creating a regulated and standardized disclosure environment tends to eliminate or minimize the need of the IR function," as one IRO argued. Disclosure tools, such as the Annual Report (in Greek), the interim reports (in Greek), the AGM vote participation, execution and decisions leave "limited space to us and do not address agency issues, information asymmetries and possible use of information by insiders," another IRO reported.

Table 10.4: IR tools and channels

IR tools for Mandatory Disclosure	IR tools for Disclosure via Intermediaries	IR tools for Voluntary Disclosure
Annual Report (in Greek)	**A) Financial Intermediaries**	Group Presentations
Interim Reports (in Greek)	Investment Banks	Conferences participation
Annual General Assembly	Corporate Banks	Private (one on ones) meetings
Extraordinary General Assembly	Venture Capital Funds	On site visits
Financial Statements	Insurance Companies	Analysts Presentations
Footnotes on Financials	**B) Information Intermediaries**	Management Forecasts
Management discussion and analysis	Financial Analysts	Feedback on Analysts Reports & Coverage
Fillings	Independent Research	Press Releases
	Industry Experts	Other Corporate Reports
	Financial Press	Mailing Information
	Other Media people	Telephone Answering queries
	Auditors	Emailing Information
	Custodians	Web Sites
	Specialists	Web Casting
	Brokers	Conference Calls
	Rating Agencies	Dual Listing
	Lobbyists	Roadshows
		Targeting Institutional Investors
		Annual Report (in English)
		Annual Reports (in other languages)
		Interim Reports (in English)

b) IR tools for disclosure via intermediaries

Most interviewees indicated that major IR tasks are to inform the "market's middle men", especially the sell-side analysts, and to work along with all intermediaries, such as the analysts, the brokers, the underwriters, the media, et al. However, the effective IRO "should not leave the corporate communication to these intermediaries", but rather should reap the benefits of their support, as one IRO said. To do that, the IR office should begin with the "identification of a targeted group of analysts and use extensively databases of analysts who follow companies with profiles similar" to that of the underlying company. (Table 10.5). Another task is to "increase analyst coverage if possible every quarter and control analysts' earnings consensus. that we monitor every quarter." a CFO mentioned. The IRO should "advise the management about which intermediary market players the company should cooperate with." a CEO suggested.

The IR office should "strengthen the company's media relations and build trustworthy and solid relationships with the major national and international business media," one IRO maintained. For instance, "press briefings and magazine interviews" in local and English newspapers should be increasing every year. Working with "the editors of the local newspapers and magazines as well as the editors of the Wall Street Journal, the New York Times, Business Week, Forbes, Barron's and Fortune is a key focus of our investor relations plan and increases awareness among the global investment community," the IRO of a dual listed firm declared.

Table 10.5: IR tools for intermediary corporate communication

Analysts	**Analysts**	**Media**
Analysts' report coverage	**Analysts' recommendations**	**Financial Journalists**
Increase analyst coverage	Control analysts' earnings consensus	Increase press briefings (in Greek and in English)
Information on analysts' universe	Upgrade recommendation (from hold to buy)	Increase magazine interviews
Expand analysts' geographic coverage	Minimise/Eliminate recommendation downgrades	Target major global periodicals
Increase reports per quarter results		Control media information abuse
Standardise earnings forecasts		Eliminate noise
Increase analysts guidance		Minimise executive retaliation on journalists with negative opinion
Increase analyst feedback		Minimise executive retaliation on journalists with negative articles
Minimise executive retaliation on analysts with negative opinion		Minimise journalists retaliation on executives actions
Minimise executive retaliation on analysts with sell recommendation		
Minimise analyst retaliation on executives actions		

c) IR tools for voluntary disclosure

It is implied from the current grounded research that "the most effective communication tools are the discretionary ones that create extensive company visibility, capital attraction and share buying," as one IRO mentioned. Most of the interviewees stressed the need for reliable and motivating communication tools as shown in Table 10.6. The Greek IROs should "effectively use group and industry presentations, targeted roadshows, private meetings, illustrated annual reports in English to promote the company's investment case," one London based fund manager suggested. "Organising and participating in group but mostly in one-to-one meetings is imperative for us," an IRO stated.

Table 10.6: IR tools for voluntary corporate communication

IRO effectiveness measures	**IR activity measures**	**Other**
Selling ability	**A) Presentations**	Financial publications
Analytical ability	Increase analyst presentations	Speeches
Financial skills	Increase group presentations	
Reliable	Increase private (one on ones) presentations	
Management skills	Increase conference participations	
Avoid selective disclosure	**B) Roadshows**	
Proactive vs. passive attributes	Increase visits to fund managers	
	Increase site visits	
	Enlarge targeting financial centres by geography	
	Enlarge targeting financial centres by type of investment	
	Roadshow disclosure tactics	
	Roadshow disclosure when numbers are not good	
	Targeting disperse geographic funds	
	Targeting different types of funds (pension, hedge, mutual, etc)	
	C) Web site	
	Visits on the company's site per month	
	Geographic origination of visits	
	Site design	
	Site content	
	Site friendly use	
	Site easy access	
	New contact persons and addresses through site	

By establishing a "proactive programme of meetings, we motivate the management to provide a strategic overview of the market, the industry and mostly the company and we manage to increase interest in the company by the global investment community," another IRO said. The IRO should "coordinate the meetings, provide counsel on the presentation, and follow up with targeted fund managers to encourage investment," one analyst recommended. The IRO should "target the buy-side analysts, who advise internally the fund mangers on investing." another sell-side analyst maintained. Many of the executives interviewed also mentioned that "the preparation of interesting and motivating corporate materials is a vital job for the IR office". As part of the feedback intelligence gathering, the conduct of periodic surveys of buy and sell side analysts to "obtain opinions and impressions about the top management and the company can improve and upgrade the company's communication." one fund manager recommended. The grounded research indicated that the most of the Greek senior executives participate in annual road shows at the same financial centres and cities, such as London, Boston, New York city, Frankfurt. Nevertheless, the IR challenge is "to proactively search, identify prospective financial and strategic shareholders in other cities such as Amsterdam, Munich, Milan and Toronto," as the IRO of a medium size firm suggested.

10.7 An effective IR model

The synthesis of the (described and prescribed) characteristics of an effective IR programme according to the interviewees is shown in Figure 10.1 below, following the framework of Figure 9.1. The study suggests that basic seven criteria, that define an effective IR path/model, especially for the IR and corporate communication practitioners, are: the internal IR set up and organization; the bevavioural attributes of the interactive market players (i.e. IROs, insiders, buyers, etc); the effective and efficient use of voluntary and via intermediaries IR tools; the investor confidence building process; the company visibility; the stock liquidity; and the increase of the share price. This figure could be used as a benchmark for measuring the IR effectiveness that could bring about the expected results for the investors and the senior management. This "model" can also be used as a best practice IR paradigm for small, medium and large capitalization listed companies as well as local and global corporate communication professionals. It can also add to the research, from a practitioner's viewpoint, on the investor relations area and the effectiveness of the corporate communication activity in emerging capital markets. An effort has been made to rank the variables mentioned below or identify them in terms of importance and suitability. The research though indicated that the management of each company applies and uses the IR tools based on the particular needs and according to each company's life cycle stage. For instance a small capitalization firm needs above all to increase stock liquidity and company visibility and therefore corporate communication via intermediaries could be the best policy for a specific period of time. In contrast, a large capitalization company needs to implement roadshow communication policy in order to increase its share price. Therefore, Figure 10.1 represents a basic universal and standardized paradigm which can be used according to its company needs. goals. life cycle level. country and industry characteristics. management commitment. personality issues and chemistry, stock market rules. corporate governance regulations. elements. the equity. bond and commodity long and short term trends and political decisions by local and regional governments. The ranking in terms of importance to the five groups of the interviewees (small, medium and large capitalization companies, analysts and fund managers) were identified as A = very important; B = medium important: and C = least important.

Figure 10.1: An effective IR model

I) IR OBJECTIVES AND GOALS **Shareholders**	**Small Caps Companies**	**Medium Caps Companies**	**Large Caps Companies**	**Financial Analysts**	**Fund Managers**
Increase number of new Institutional Investors	A	A	A	A	A
Increase number of large Institutional Investors (>300,000 shares)	C	B	A	B	B
Decrease/Eliminate selling by existing Institutional Investors	C	B	A	B	B
Decrease partial selling by existing Institutional Investors	B	A	A	C	C
Enlarge geographic allocation of Institutional Investors	C	B	A	B	C
Enlarge type allocation of Institutional Investors	B	A	A	B	C
Increase number of Retail Investors	A	A	A	B	B
Enlarge geographic	C	B	B	B	B

allocation of Retail Investors					
Create good mix of Institutional and Retail investors	B	A	A	B	A
Increase employee shareholdings	C	C	B	B	A
Increase cross shareholding with other listed firms	C	C	B	C	C

Share price

Increase share liquidity	A	A	A	A	A
Increase share free float	A	B	C	B	B
Increase share price	A	A	A	A	A
Increase effect on cost of capital	A	A	A	A	A

Budget and Expenses

Minimise IR costs	B	C	B	C	C
Minimise PR expenses	C	C	B	C	C
Control roadshow expenses	C	C	C	C	C
Minimise stock exchange costs	A	A	A	B	C
Minimise custodian costs	C	C	C	B	A
Minimise depositary bank costs	C	B	A	C	C

II) IR CONSTRAINTS AND PREREQUISITES	**Small Caps Companies**	**Medium Caps Companies**	**Large Caps Companies**	**Financial Analysts**	**Fund Managers**
Company Performance Prerequisites (Financial Prerequisites)					
Clear Strategy and Vision	A	A	A	A	A
Sound Business Model	A	A	A	A	A
Industry position	B	B	B	B	B
Solid growth	A	A	A	A	A

Good financial quarterly results	A	A	A	A	A
Profitability ratios	A	A	A	A	A
Solvency ratios	A	A	A	A	A
Capital ratios	A	A	A	A	A
Management compensation	B	B	A	B	B
Share buyback policies	B	B	A	B	B
Company Performance Prerequisites (Non-Financial Prerequisites)					
Working on the good relations with senior management	A	A	A	A	A
Updating regularly the Board of Directors	B	A	A	B	B
Informing regularly the top management on IR and communication issues	B	B	A	A	A
Informing regularly the middle management on IR and communication issues	C	B	B	B	B
Informing regularly the top management on market's opinion and perception	B	A	A	B	B
Informing regularly the middle management on market's opinion and perception	C	B	B	B	B
Informing all executives of roadshow results	C	B	A	B	B
Informing the audit committee	C	C	B	C	C
Following regulations and Corporate Governance	A	A	A	A	A

Applying FTSE4GOOD and EIRIS recommendations	B	B	A	A	A
Applying Corporate Social Responsibility issues	B	A	A	A	A
Use of integrated communications	B	B	A	B	B
Quality of IR programme	B	B	B	B	B
Quality of company's objectives and goals	B	B	A	A	A
People Related Prerequisites (Psychological Prerequisites)					
IRO's personality	A	A	A	A	A
IR perception of senior management	A	A	A	A	A
IR perception of institutional investors	A	A	A	A	A
IR perception of retail investors	A	A	A	A	A
IR perception of analysts	A	A	A	A	A
IR perception of financial journalists	A	A	A	A	A
IR perception of other market participants	A	A	A	A	A
Organizational Related Prerequisites (IR set up and procedures)					
IR Budget	C	B	B	C	C
Organizational position of the IR office	C	B	B	B	B
IR operational procedures	B	B	B	C	C

III) IR TOOLS AND CHANNELS	Small Caps Companies	Medium Caps Companies	Large Caps Companies	Financial Analysts	Fund Managers
IR tools for Mandatory Disclosure					
Annual Report (in Greek)	A	A	A	A	A
Interim Reports (in Greek)	A	A	A	A	A
Annual General Assembly	A	A	A	B	B
Extraordinary General Assembly	A	A	A	B	B
Financial Statements	A	A	A	A	A
Footnotes on Financials	A	A	A	A	A
Management discussion and analysis	B	B	B	A	A
Fillings	B	B	B	B	B
IR tools for Disclosure via Intermediaries					
A) Financial Intermediaries					
Investment Banks	B	A	A	A	A
Corporate Banks	B	B	B	B	B
Venture Capital Funds	A	B	B	B	B
Insurance Companies	B	A	A	B	B
B) Information Intermediaries					
Financial Analysts	A	A	A	A	A
Independent Research	A	A	A	A	A
Industry Experts	B	A	A	B	B
Financial Press	A	A	A	B	B
Other Media people	A	A	A	A	A
Auditors	A	A	A	A	A
Custodians	C	C	C	C	C
Specialists	C	B	B	B	B
Brokers	A	A	A	B	B
Rating Agencies	B	A	A	A	A

Lobbyists	C	C	B	C	C

IR tools for Voluntary Disclosure

Group Presentations	A	B	B	A	A
Conferences participation	A	A	A	A	A
Private meetings	A	A	A	A	A
On site visits	A	A	A	A	A
Analysts Presentations	A	A	A	A	A
Management Forecasts	B	B	B	A	A
Feedback on Analysts Reports & Coverage	B	A	A	A	A
Press Releases	A	A	A	A	A
Other Corporate Reports	B	B	B	A	A
Mailing Information	B	B	B	A	A
Telephone Answering queries	A	A	A	A	A
Emailing Information	A	A	A	A	A
Web Sites	A	A	A	A	A
Web Casting	C	B	A	A	A
Conference Calls	B	A	A	A	A
Dual Listing	C	B	A	A	A
Roadshows	A	A	A	A	A
Targeting Institutional Investors	A	A	A	A	A
Annual Report (in English)	A	A	A	A	A
Annual Reports (in other languages)	B	A	A	B	B
Interim Reports (in English)	A	A	A	A	A

IV) IR TOOLS FOR INTERMEDIARY CORPORATE COMMUNICATION	**Small Caps Companies**	**Medium Caps Companies**	**Large Caps Companies**	**Financial Analysts**	**Fund Managers**

Analysts

A) Analysts' Report

Coverage

Increase analyst coverage	A	A	A	A	A
Information on analysts' universe	B	A	A	A	A
Expand analysts' geographic coverage	B	A	A	A	A
Increase reports per quarter results	B	A	A	A	A
Standardise earnings forecasts	B	A	A	A	A
Increase analysts guidance	A	A	A	A	A
Increase analyst feedback	A	A	A	A	A
Minimise executive retaliation on analysts with negative opinion	B	B	B	A	A
Minimise executive retaliation on analysts with sell recommendation	B	B	B	A	A
Minimise analyst retaliation on executives actions	B	B	B	A	A

Analysts' Recommendations

Control analysts' earnings consensus	B	A	A	A	A
Upgrade recommendation	A	A	A	B	A
Minimise/Eliminate recommendation downgrades	A	A	A	B	A

Media

Financial Journalists

Increase press briefings (in Greek and in English)	A	A	A	B	B

Increase magazine interviews	A	A	A	A	A
Target major global periodicals	B	B	A	C	C
Control media information abuse	A	A	A	A	A
Eliminate noise	A	A	A	A	A
Minimise executive retaliation on journalists with negative opinion	B	B	B	C	C
Minimise executive retaliation on journalists with negative articles	B	B	B	C	C
Minimise journalists retaliation on executives actions	B	B	B	C	C

V) IR TOOLS FOR VOLUNTARY CORPORATE COMMUNICATION	**Small Caps Companies**	**Medium Caps Companies**	**Large Caps Companies**	**Financial Analysts**	**Fund Managers**
IRO effectiveness measures					
Selling ability	A	A	A	A	A
Analytical ability	A	A	A	A	A
Financial skills	A	A	A	A	A
Reliable	A	A	A	A	A
Management skills	B	B	A	B	B
Avoid selective disclosure	A	A	A	A	A
Proactive vs. passive attributes	A	A	A	A	A

IR activity measures

A) Presentations

Increase analyst	A	A	A	A	A

presentations					
Increase group presentations	A	A	A	A	A
Increase private (one on ones) presentations	A	A	A	A	A
Increase conference participations	A	A	A	A	A

B) Roadshows

Increase visits to fund managers	A	A	A	A	A
Increase site visits	A	A	A	A	A
Enlarge targeting financial centres by geography	A	A	A	A	A
Enlarge targeting financial centres by type of investment	A	A	A	A	A
Roadshow disclosure tactics	A	A	A	A	A
Roadshow disclosure when numbers are not good	A	A	A	A	A
Targeting disperse geographic funds	A	A	A	A	A
Targeting different types of funds (pension, hedge, mutual, etc)	A	A	A	A	A

C) Web site

Visits on the company's site per month	A	A	A	A	A
Geographic origination of visits	A	A	A	A	A
Site design	A	A	A	A	A
Site content	A	A	A	A	A
Site friendly use	A	A	A	A	A
Site easy access	A	A	A	A	A

New contact persons and addresses through site	B	B	A	B	B

Other

Financial publications	B	B	A	B	B
Speeches	B	B	A	B	B

A = Very important; B = Medium important; C = Least important

10.8 Contribution of the study

The current grounded research suggests that the most effective communication tool is a custom-made mix of primarily voluntary IR tools and secondarily intermediary communication ways that increase company visibility, capital attraction and share buying. This mix includes the effective use of group presentations, targeted proactive roadshows, private meetings, annual reports in English, German and French, web sites in many languages, among others in order to promote the company's investment case to the global investment community and to motivate the company's management for better operational results and more communication effort and commitment towards the company and the market. For instance, if the company's objective is to increase stock liquidity, then the retail investors are as important as the institutional ones and therefore the IRO should primarily use and capitalize the media path. If the company's objective is to target sophisticated investors (i.e. pension, mutual, hedge funds), then the IRO should primarily use information intermediaries, such as sell-side analysts. The study finds that for especially the small and medium size listed companies, from a small, peripheral and non English speaking market, the share price increase is the ultimate goal and benchmark for evaluating the effectiveness of the IR office, the IR programme as well as the IRO. The small capitalization companies from a small country like Greece should conceive and implement a proactive communication plan. This is mostly the responsibility and the job of an effective and qualified investor relations officer (IRO). The hiring of an experienced and highly paid IRO should correspond with the maintenance of an efficient IR office/department. The company's top management and the owners expect that the IRO will initiate and implement targeted corporate communication strategy and tactics and use a combination of IR tools in order to effectively place the share on the investors' screen, shape their views and influence investment decisions. Similar countries in terms of size, capital markets, maturity, visibility and growth level can benefit from the findings. The medium and small size listed companies from the neighbouring emerging economies such as Bulgaria, Romania, Turkey, etc. face similar challenges as the Greek small firms, such as lack of visibility and confidence at the major global financial centers. As the current research finds, decreased visibility justifies the illiquidity of the stocks and visibility is a major concern for IR practitioners. This research study focuses only on listed companies and a future challenge is to investigate pre-IPO firms as well as non-listed companies. Future research should also examine and provide evidence on the IR practices and promotional activities by the private companies, state-owned and government corporations. A challenge for future research efforts is the lack of research on the role of an important intermediary information player, the media people, and how they affect the disclosure process.

10.9 Conclusion

As the current grounded research implies, the basic attributes for an effective IR activity is the appropriate diagnosis of the specific firm's needs as well as the creative strategic planning by the IR department, combined with the IRO's personal attributes and characteristics. The IRO should always continuously ask when to disclose; why disclose; who should disclose; and how to disclose. He/she should constantly review the communications implications of a company's disclosure requirements from both a legal as well as an effective communication perspective. The IR office should disclose in timely fashion the company's information to the market. The majority of the interviewees suggested that by adjusting the content of the company's communications, the IR is able to "empower the long term relationships with the current shareholders, target, match and attract potential investors, differentiate itself from its peer group, demonstrate its future growth potential, focus on the implicit under valuation at which its shares trade, create positive news flow", and, as a consequence, motivate buying and have an immediate impact on the company's share price. The significant value that the IR function could add to the senior management and the company is based primarily on the voluntary disclosure policies. In small capital markets, like the Greek one, which are characterized by investor bias, investment uncertainty, lack of general market confidence, low market and firm visibility, poor company information, corporate disclosure inconsistency and passive attitude, the IR function can diffuse negative emotions and opinions, attract attention, provoke and invite investment action by applying voluntary disclosure policies and implementing a proactive communication plan. In summary, every Greek listed company should create its own corporate communication and IR strategy by targeting investors, analysts, bankers, brokers, and others. Accordingly it integrates and organizes the IR function within the scope of its own needs.

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LIST OF APPENDICES

Appendix I: Interviews with Top Management

SECTION 1: ORGANISATION OF THE INVESTOR RELATIONS FUNCTION

Question 1.1 Please state the number of directors (including the chairman) in your company.

Executive directors

Non-executive directors

Question 1.2 Please specify how many of the directors are involved to some extent in managing and / or executing the investor relations function.

Question 1.3 To what extent are the members of your company's directorate involved in managing and/or executing the investor relations function.

	0 Not Applicable	1 Not at all	2 Minor extent	3 Moderate extent	4 Large extent
i) Chairman	☐	☐	☐	☐	☐
ii) CEO	☐	☐	☐	☐	☐
iii) CFO	☐	☐	☐	☐	☐
iv) Marketing Director	☐	☐	☐	☐	☐
Other directors (Please specify)					
v)	☐	☐	☐	☐	☐
vi)	☐	☐	☐	☐	☐
vii).............	☐	☐	☐	☐	☐
viii)	☐	☐	☐	☐	☐
ix)	☐	☐	☐	☐	☐

Question 1.4 Can you provide an estimate of the number of working days in a year that the directors devote to investor relations?

Information not available ☐

Not applicable ☐

Question 1.5 Does your company have a designated investor relations / financial public relations officer?

Yes (with investor relations as the main responsibility) ☐

Yes (with investor relations as part of responsibilities) ☐

No ☐

Question 1.6 Please state the job title if the answer to the above question was ' Yes '

To whom the does the designated investor relations officer report?

Question 1.7 Please indicate the position of the investor function within your organization.

i) It is carried out by a separate department ☐

ii) It is carried out by a section of the public relations department ☐

iii) It is carried out by the CEO's Office ☐

iv) It is carried out by the Chairman's office ☐

v) It is carried out by the CFO's office ☐

vi) It is carried out by company executives, with no central unit or department ☐

vii) It is carried out by the office for shareholders ☐

viii) There is no investor relations function

Other (please specify) ☐

Question 1.8 Please indicate if your company has a separate IR department that is not the same as the Office for Shareholders (Metoxologio) and how they cooperate?

Yes ☐

No ☐

Not applicable ☐

Question 1.9 Does the office for the retail shareholders (Metoxologio) compliment the IR function?

Question 1.10 Please indicate the number of staff working for the investor relations / financial public relations officer (including clerical and secretarial assistants)

Question 1.11 Are these staff dedicated to investor relations / finance public relations work or do they perform other duties?

Yes – work is mainly investor relations ☐

No – work involves other duties ☐

Not applicable ☐

Question 1.12 Please can you provide an estimate of the annual gross salary bill for the investor relations officer and his / her staff.

For IRO more than 50 million Drs ☐
For other staff, regular pay ☐
Information not available ☐
Not applicable ☐

Question 1.13 Please can you give an approximate indication of the annual budget allocation for the investor relations function (excluding the salary bill and also excluding the cost of production and distribution of annual report).

Budget exceeds 100 milliom Drs ☐
Budget exceeds 200 milliom Drs ☐
Budget exceeds 300 milliom Drs ☐
Information not available ☐
Not applicable ☐

Question 1.14 Does your company has a formal policy or written description stating the objectives and responsibilities of the investor relations function?

Yes ☐
No ☐
Not applicable ☐

Note: If your company does have such a document (whether general or detailed) can we have one?

SECTION 2: INTERNATIONAL IR ASPECTS AND CONSULTATION

Question 2.1Does your company currently employ the services of an external investor relations or financial public relations consultant?

Yes ☐
No ☐

Question 2.2 Does your company currently employ the services of other related to the IR professionals (such as Financial Information Services [Carson group, Technimetrics, etc], Web sites specialists, Annual report distribution agencies, etc)

Question 2.3Can you provide an approximate indication of the cost incurred by your company in the past twelve months in retaining the services of an external investor relations or financial public relations consultant?

Total cost exceeds 10 million Drs ☐
Total cost exceeds 30 million Drs ☐
Total cost exceeds 50 million Drs ☐
Not applicable ☐

Question 2.4 If you were able to answer the above question please can you provide an estimate of the percentage of the consultant's charges that relate to communications with analysts (both sell – side and buy- side) and fund managers as opposed to communications with other groups?

Information not available ☐
Not applicable ☐

(Dual listing cases)

Question 2.5 Is your company dual listed?

Question 2.6 And on what exchanges?

NYSE ☐
NASDAQ ☐
LSE ☐
FRANKFURT ☐
OTHER ☐

Question 2.7 How the dual listing of your stock has influenced the IR function and its activities?

Question 2.8 Does the IR have direct connection with the following depositary banks:

BONY ☐
Citibank ☐
JP Morgan ☐
Other ☐

Question 2.9 Is the IRO or an external consultant (IR company or Law office) that files the information such as 6K and 20F?

IRO ☐
External consultant ☐
Law office ☐
Other (please specify) ☐

SECTION 3: SUBSTITUTION EFFECTS FOR THE IR FUNCTION

Question 3.1How the analysts and the traders or sales people of the domestic securities firms have replaced and/or duplicated the IR function of your company?
Question 3.2 Do the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for your company?
Question 3.3 Similarly, do the reports in the Greek newspapers (daily or weekly) substitute the official announcements for your company?
Question 3.4Have you designated an Official Spokesperson to the newspapers, media, etc?

Yes	☐
No	☐
To whom	☐
Not applicable	☐

Question 3.5 If yes. Is this person the IRO?

Yes	☐
No	☐
Not applicable	☐

Question 3.6 How the sell-side analysts out of London of the big international investment banks and their sales people fill-in or duplicate the IR job for your company?
Question 3.7 Is there any cost and benefit for it, if that happens?
Question 3.8 Do your auditors play an important role and most often influence your company's corporate disclosure policies?

Yes	☐
No	☐
Not applicable	☐

SECTION 4: MACRO ASPECTS OF THE IR FUNCTION

Question 4.1 Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?
Question 4.2 Can you see any influence or mandatory convergence to the European Corporate Governance?
Question 4.3 Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?
Question 4.4 Is there any learning IR experience (curve) in Greece?
Question 4.5Is there a need for a National Investor Relations Association that will shorten the learning path and time for other Greek companies?

SECTION 5: EXECUTING OF THE INVESTOR RELATIONS PROGRAMME

Question 5.1 Please can you indicate the means by which your company communicates with analysts (sell – side and buy – side) and fund managers and the importance of the different means of communications?

	1 Not at all -not done	2 Minor importance	3 Moderate importance	4 High importance
i) By holding meetings which are attended by a number of delegates from differed organizations	☐	☐	☐	☐
ii) By holding meetings with individuals or small groups from the same organization	☐	☐	☐	☐
iii) By answering telephone queries	☐	☐	☐	☐
iv) By providing feedback on analysts' reports	☐	☐	☐	☐
v) By mailing information to analysts and fund managers	☐	☐	☐	☐
vi) By visiting the Fund Managers (Proactive Roadshows)	☐	☐	☐	☐
vii) By increasing Analysts Coverage	☐	☐	☐	☐
viii) By Email	☐	☐	☐	☐
ix) By holding Conference	☐	☐	☐	☐

Calls
x) Via the Internet ☐ ☐ ☐ ☐
Other (please specify)

SECTION 6: COMPANY MEETINGS WITH ANALYSTS AND FUND MANAGERS

Question 6.1 Does your company hold meetings with any of the following? Sell – side analysts, buy-side analysts and fund managers.

Yes ☐
No ☐

Question 6.2 Which company officials represent the company at some or all of these meetings? (Where officials perform a dual role please link with a bracket.)

	Yes	No	Not applicable
i) Chairman	☐	☐	☐
ii) CEO	☐	☐	☐
iii) CFO	☐	☐	☐
iv) Marketing Director	☐	☐	☐
v) Company Secretary			
vi) Chief Accountant	☐	☐	☐
vii) IRO	☐	☐	☐
viii) Head of Public Relations	☐	☐	☐
ix) External Financial Public Relations Consultant	☐	☐	☐

Question 6.3 Does the company keep a record of the proceedings of these meetings? (General meetings are defined here as meetings for a group of delegates from a number of different employing organisations. Special meetings are defined as meetings for individuals or small groups from one organisation.)

	Yes	**No**	**Not Applicable**
General (or group) meetings	☐	☐	☐
One to one (or individual meetings)	☐	☐	☐

Question 6.4 How many of these meetings did your company hold in the past twelve months?

(Please complete the box with a number or with a '?' if the information is not available)

General meetings
One to one meetings

Question 6.5 Approximately how many analysts are there on your company's circulation list of people who may be invited to these meetings?

(Please complete the boxes with a number or with a '?' if the information is not available)

Sell – side analysts
Buy – side analysts & fund managers

Question 6.6 Can you provide an estimate of the number of individual analysts who have attended at last one of your meetings (special or general) in the past 12 months?

(Please complete the boxes with a number or with a '?' if the information is not available)

Sell – side analysts
Buy – side analysts & fund managers

Question 6.8 Can you provide an estimate of the number of stock-broking firms and institutions, which sent representatives to your meetings (special or general) in the past 12 months?

Sell – side analysts
Other analysts

Question 6.9 Can you provide an estimate of the number of institutional investor organization, which sent representatives to your meetings (one to one or general) in the past 12 months?

Buy – side analysts & fund managers
Other analysts

Question 6. 10 Please indicate thee types of information that your company provides to delegates (sell- side analysts and / or buy – side analysts and / or fund managers) at these meetings (special or general). In respect of those types of information that there are provided please can you indicate their relative importance.

	0	1	2	3	4
	Not Applicable	Not at all	Minor importance	Moderate importance	High importance
Past performance (Ιστορικά στοιχεία)					
i) Explanation of recent results in the context of the general economic environment	☐	☐	☐	☐	☐
ii) Explanation of accounting policies	☐	☐	☐	☐	☐

iii) Additional breakdown of published figures by line of business	☐	☐	☐	☐	☐
iv) Additional breakdown of published figures by geographical area	☐	☐	☐	☐	☐
v) Performance of recent acquisitions	☐	☐	☐	☐	☐
vi) Outcome of completed research and development projects	☐	☐	☐	☐	☐
vii) Explanation of structure of balance sheet and gearing	☐	☐	☐	☐	☐

Future prospects

(Subject. if necessary. to prior announcement to the ASE. LSE. NYSE. etc)

	0 Not Applicable	1 Not at all	2 Minor importance	3 Moderate importance	4 High importance
Past performance (Ιστορικά στοιχεία)					
xi) First announcement of major new projects and developments	☐	☐	☐	☐	☐
xii) Further explanation of major new projects and developments that have already been announced	☐	☐	☐	☐	☐
	☐	☐	☐	☐	☐
xiii) First announcement of new products	☐	☐	☐	☐	☐
xiv) Further explanation of new products that have already been announced	☐	☐	☐	☐	☐
xv) First announcement of new contracts	☐	☐	☐	☐	☐
xvi) Further explanation of new contracts that have already been announced	☐	☐	☐	☐	☐
xvii) Current state of order book	☐	☐	☐	☐	☐
xviii) Prospects of current research and development projects	☐	☐	☐	☐	☐
xix) First announcement of new research and development projects	☐	☐	☐	☐	☐
xx) Further explanation of new research and development projects that have already been announced	☐	☐	☐	☐	☐
xxii) First announcement of profits forecast	☐	☐	☐	☐	☐
xxii) Further explanation of profits forecast that has already been made	☐	☐	☐	☐	☐
xxiii) Company strategy in the short term	☐	☐	☐	☐	☐
xxiv) Company strategy in the long term	☐	☐	☐	☐	☐
xxv) Company strategy for particular segments	☐	☐	☐	☐	☐

of the business

xxvi) Company strategy on future acquisitions ☐ ☐ ☐ ☐ ☐

xxvii) Company strategy on future disposals of segments of the business ☐ ☐ ☐ ☐ ☐

xxviii) Long term investment plans ☐ ☐ ☐ ☐ ☐

xxix) Cash flow situation ☐ ☐ ☐ ☐ ☐

xxx) Dividend policy ☐ ☐ ☐ ☐ ☐

Other (please specify)

SECTION 7: TELEPHONE CONVERSATION WITH ANALYSTS AND FUND MANAGERS

Question 7.1Does your company engage in telephone conversation with analysts?

	Yes	No
Sell – side analysts	☐	☐
Buy – side analysts and fund managers	☐	☐

Question 7.2 Please indicate the company personnel who answer telephone enquiries from analysts (sell – side and / or fund managers) and / or fund managers.

	Yes	No	Not applicable
i) Chairman - Non-executive	☐	☐	☐
ii) CEO	☐	☐	☐
iii) CFO			
iv) Marketing Director	☐	☐	☐
v) Company Secretary	☐	☐	☐
vi) Chief Accountant	☐	☐	☐
vii) Investor Relations Officer	☐	☐	☐
viii) Head of Public Relations	☐	☐	☐
ix) External Financial Public Relations Consultant	☐	☐	☐

Question 7.3 Does the company keep a record of these telephone conversations?

A tape recording is made ☐

A written record is made ☐

No record is made ☐

SECTION 8: COMPANY FEEDBACK ON SELL – SIDE ANALYSTS' REPORTS

Question 8.1Can you state the approximate number of reports on your company that have been produced by sell – side / brokers' analysts in the past twelve months?

Question 8.2Can you state the approximate number of reports that have been passed to your company for comment prior to issue in the past twelve months?

Question 8.3 What action does your company take when it receives a draft analysts' report for comment or when an analysts telephones to discuss his \ her draft report?

i) Analysts' reports are never received ☐

ii) Feedback is never provided ☐

iii) Factual errors relating to published information are corrected ☐

iv) Comments are offered on the accuracy of analysts' prediction ☐

Question 8.4 Executives that are designated to comment on drafts of the research reports?

i) The CEO ☐

ii) The CFO ☐

iii) The IRO ☐

Question 8.5 Please can you specify your company's policy when asked to comment on analysts' profit forecasts.

i) Company is never asked for comments ☐

ii) Comments are never made ☐

iii) Comments are made ☐

Question 8.6 Executives that are designated to comment on the analysts' profit forecasts reports.

i) The CEO ☐

ii) The CFO ☐

iii) The IRO ☐

Question 8.7 If your company does make comments on analysts' forecasts please can you indicate your procedure.

i) If a forecast is reasonable no comment is made ☐

ii) If a forecast is reasonable the company confirms this ☐

iii) If a forecast is not reasonable no comment is made ☐

iv) If a forecast is not reasonable the company informs the analysts ☐

v) An analyst will be given guidance regarding the size and direction of the error in his forecast ☐

SECTION 9: MAILING INFORMATION TO ANALYSTS AND FUND MANAGERS

Question 9.1 Does your company mail information to analysts?

	Yes	No
Sell – side analysts	☐	☐
Buy – side analysts and fund managers	☐	☐

Question 9.2 Approximately how many organizations employing analysts receive information from your company by mail?

Stockbrokers

Institutional investors

Other

Question 9.3 What type of information is sent to analysts and / or fund managers?

i) Annual report ☐

ii) Interim report ☐

iii) Quarterly reports ☐

iv) Copies of announcements sent to the company news service of the ASE / LSE / NYSE / NASDAQ ☐

v) Takeover documents ☐

vi) Company information brochures and other promotional literature ☐

vii) General press releases ☐

viii) Documents designed specifically for analysts ☐

Other, please specify

x) Information not available ☐

SECTION 10: PROACTIVE ROADSHOWS (VISITING THE FUND MANAGERS) AND INCREASING ANALYST COVERAGE

Question 10.1 Do you implement a roadshow communication policy?

Question 10.2 Is it tactical, offering related or proactive?

Offering Roadshows

Tactical Roadshows

Proactive Roadshows

Combination

Other

Question 10.3 If tactical roadshow? How many times per year and where?

Once per year ☐

Twice per year ☐

More ☐

Never ☐

Question 10.4 Who participates from the your company?

Chairman ☐

CEO ☐

CFO ☐

IRO ☐

Question 10.5 Who is organizing it? (Logistics, selecting the targets, pre-marketing, etc)

Global bank (Morgan, Lehman,..) ☐

Your global underwriter ☐

Greek bank ☐

Greek brokerage firm ☐

Company itself ☐

Question 10.6 Do you organize /implement "Analysts' Presentation" (both domestic in Athens and global in London) with the year-end results or the H1 results?

London Analyst Presentation ☐

Athens Analyst Presentation ☐

Once per year ☐

Twice per year ☐

Question 10.7 Does the IR helps or plans or directs the focus of the roadshow in terms of Geography (London, Frankfurt, Milan, Paris, Boston, etc) and in terms of funds specialization (hedge funds, mutual funds, pension funds, etc)?

- Geography ☐
- CEO ☐
- CFO ☐
- IRO ☐

Question 10.8 If proactive roadshow? How many times per year and where?

- Once per year ☐
- Twice per year ☐
- More ☐
- Never ☐

Question 10.9 Who participates from the your company?

- Chairman ☐
- CEO ☐
- CFO ☐
- IRO ☐

Question 10.10 Who is organizing it? (Logistics, selecting the targets, pre-marketing, etc)

- Global bank (Morgan, Lehman...) ☐
- Your global underwriter ☐
- Greek bank ☐
- Greek brokerage firm ☐
- Company itself ☐

Question 10.11 Is part of the proactive roadshow the increase of analyst coverage?

- Exponentially ☐
- Moderately ☐
- No ☐
- Never valued ☐

SECTION 11: EMAIL DATA BASE MANAGEMENT AND DISTRIBUTION OF INFORMATION

Question 11.1 Do you disclose info and news by email?

Question 11.2 Do you have an email database?

Question 11.3 Do you have a database for fax use?

Question 11.4 Is it complementary with the Fax system in place for distributing info?

Question 11.5 How often you use the email to answer questions from analysts, FMs, bankers, etc?

- Answer by email only ☐
- Answer the 50% of the questions ☐
- Never use email to answer ☐
- We do not have email ☐

Question 11.6 How often you send press releases out via email?

Question 11.7 Do you divide the email database?

Question 11.8 How? By geography? By Fund type? By group?

- By Geography ☐
- By fund type ☐
- By group ☐

Question 11.9 Do you face email distribution problems?

SECTION 12: CONFERENCE CALLS AS A VOLUNTARY DISCLOSURE MEDIUM

Question 12.1 Do you hold conference calls?

Question 12.2 Do you have conference calls with the quarterly results announcements (four times annually)?

Question 12.3 When else you have a conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough...?)

Question 12.4 What is the average number of participants in your conference calls?

- More than 10 ☐
- More than 20 ☐
- More than 30 ☐

Question 12.5 Do you organize /implement it or you get the help from a major bank?

Question 12.6 Who participates at the conference call from the top management?

- Chairman ☐
- CEO ☐
- CFO ☐
- IRO ☐

Question 12.7 Do you invite your bankers, consultants, and other advisers to participate?

Banker ☐
IR consultant ☐

Question 12.8 Do you tape the call?

Question 12.9 Do you use a teleconference company from London or from Greece?

Question 12.10 Do you receive a list of participants, after the call?

SECTION 13: DISCLOSURE VIA INTERNET SITES

Question 13.1 Do you have your own web site?

Question 13.2 How many requests you get from your site, concerning IR issues?

Question 13.3 How many new names are coming from the wed site for your data base/mailing list?

Question 13.4 Are you linked with the sites of external consultants?

Question 13.5 How often you update your site?

Question 13.6 Please evaluate your site in terms of information effectiveness?

SECTION 14: CONTROLLED INFORMATION

Question 14.1 Does your company prohibit or restrict communication with sell – side analysts, buy – side analysts and / or fund managers at certain times of the year?

Yes – a prohibition operates at certain times ☐
No ☐
Other ☐

Question 14.2 If you have answered ' yes ' to the above question please specify the times during the year when the communication is prohibited or restricted.

	Yes	No	Not applicable
i) Prior to the annual results announcement	☐	☐	☐
ii) Prior to the interim results announcement	☐	☐	☐
iii) Prior to the quarterly results announcement	☐	☐	☐
Other (Please specify)			

Question 14.3 Please specify the number of days for which communication is prohibited or restricted prior to the annual results announcement.

If you have not answered the above please tick the relevant box
Information not available ☐
Not applicable ☐

Question 14.4 Please specify the number of days for which communication is prohibited or restricted prior to the interim results announcement.

If you have not answered the above please tick the relevant box
Information not available ☐
Not applicable ☐

Question 14.5 Please specify the number of days for which communication is prohibited or restricted prior to the quartely results announcement.

If you have not answered the above please tick the relevant box
Information not available ☐
Not applicable ☐

Question 14.6 If your company operates a policy of restriction of communication rather than complete prohibition please describe the nature of the restriction.

If you have not answered the above please tick the relevant box
Information not available ☐
Not applicable ☐

SECTION 15: OPINIONS ON YOUR COMPANY'S RELATIONSHIP WITH ANALYSTS

Some companies have expressed dissatisfaction regarding the quality of sell – side / brokers' analysts' reports. Others have expressed concern regarding the amount of time and energy devoted to responding to sell –side analysts' requests for information and meetings. This section seeks to elicit your opinions on your company's relationship with both sell- side and buy analysts.

Question 15.1How would you rate the general quality of analysts' reports, from all sources, that are made on your company?

1	2	3	4	5
Very poor	Poor	Acceptable	Good	Very good
☐	☐	☐	☐	☐

If you have not answered the above please tick the relevant box
No opinion ☐

Not applicable ☐

Question 15.2 How would you compare the quality of analysts carried out by sell –side / brokers' with buy – side analysts working for institutional investors?

	1 Very poor	2 Poor	3 Acceptable	4 Good	5 Very good
Sell – side Analysts	☐	☐	☐	☐	☐
Buy – side FAs	☐	☐	☐	☐	☐

If you have not answered the above please tick the relevant box

No opinion ☐

Not applicable ☐

Question 15.3 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with sell – side / brokers' analysts.

	1 Strongly agree	2 Agree	3 Uncertain	4 Disagree	5 Strongly disagree
i) Company meetings with sell – side analysts are a valuable means of communication	☐	☐	☐	☐	☐
ii) Company telephone conversations with sell – side analysts are a valuable means of communication	☐	☐	☐	☐	☐
iii) My company would prefer not to hold sell – side analysts' meetings	☐	☐	☐	☐	☐
iv) My company would prefer not to talk sell – side analysts' on the telephone	☐	☐	☐	☐	☐
v) My company should not provide sell – side analysts with guidance as to the accuracy of their profits forecasts	☐	☐	☐	☐	☐
vi) Sell – side analysts pressurize my company for information	☐	☐	☐	☐	☐
vii) Sell – side analysts are too concerned with short term profit opportunities	☐	☐	☐	☐	☐
viii) Sell – side analysts are not sufficiently interested in the long term prospects of my company	☐	☐	☐	☐	☐

Question 15.4 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with buy – side analysts and fund managers working for institutional investors.

Question 15.5 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with traders and sales people.

Question 15.6 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with media people.

Question 15.7 If you have any opinions or ideas as to how company communications with sell – side / brokers' analysts, buy – side analysts and fund managers should be conducted in the future please can you state these below.

....

Appendix II: Interviews with Financial Analysts

SECTION 1: ORGANIZATION OF THE INVESTOR RELATIONS FUNCTION

Question 1.1 Please state the number of analyst in your company.

Analysts

Βοηθητικά/Support staff

Question 1.2 Please specify if you communicate with the top management of the listed companies?

Question 1.3 With whom of the top management you have rapport frequently?

	0 Not Applicable	1 Not at all	2 Minor extent	3 Moderate extent	4 Large extent
i) Chairman	☐	☐	☐	☐	☐
ii) CEO	☐	☐	☐	☐	☐
iii) CFO	☐	☐	☐	☐	☐
iv) IRO	☐	☐	☐	☐	☐

Question 1.4 Please specify if you know the IRO in person?

Question 1.5 Please specify for what issues you talk to the IRO?

Strategic issues ☐

Financial issues ☐

Question 1.6 How many days per year you or your associates talk with the IR office, of the targeted listed firms.

50 days per year ☐

30 days per year ☐

10 days per year ☐

Question 1.7 Does the IR office service you well?

Yes (with investor relations as the main responsibility-there is an IRO) ☐

Yes (with investor relations as part of responsibilities-no IRO) ☐

No ☐

Question 1.8 How quickly the IR respond to your inquires?

Within 24 hours ☐

Within 3 days ☐

Within a week ☐

Later ☐

Never ☐

Question 1.9 What kind of relationship exists?

Personal ☐

Telephone ☐

Email ☐

Mail ☐

Nothing ☐

Question 1.10 Do you communicate with other company departments (i.e. the shareholder registry, accounting, etc)

Yes ☐

No ☐

Not applicable ☐

Question 1.11 Does the office for the retail shareholders (Metoxologio) compliment the IR function?

Question 1.12 Please indicate the number of staff working for the investor relations

One ☐

Two ☐

Three ☐

More than 3 ☐

Not Known ☐

Question 1.13 Is this staff dedicated to investor relations / finance public relations work or do they perform other duties?

Yes – work is mainly investor relations ☐
No – work involves other duties ☐
Not applicable ☐

Question 1.14 What constitutes a good and effective IR office?

SECTION 2: INTERNATIONAL IR ASPECTS AND CONSULTATION

Question 2.1 Do you know if your targeted companies currently employ the services of an external investor relations or financial public relations consultant?

Yes ☐
No ☐
How many ☐
Percentage (%) ☐

Question 2.2 Any company currently employ the services of other related to the IR professionals (such as Financial Information Services [Carson group, Technimetrics, etc], Web sites specialists, Annual report distribution agencies, etc)

Yes ☐
No ☐
How many ☐
Percentage (%) ☐

(Dual listing cases)

Question 2.3 Are your targeted dual listed companies?

Question 2.4 And on what exchanges?

NYSE ☐
NASDAQ ☐
LSE ☐
FRANKFURT ☐
OTHER ☐

Question 2.5 How the dual listing of the stock has influenced the IR function and its activities?

Question 2.6 Do you observe any difference between listed at the ASE and dual listed companies?

SECTION 3: SUBSTITUTION EFFECTS FOR THE IR FUNCTION

Question 3.1 How the analysts and the traders or sales people of the domestic securities firms have replaced and/or duplicated the IR function of targeted companies?

Question 3.2 Do you read / follow regularly the daily's by the brokerage houses?

Question 3.3 Do the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for the listed companies?

Question 3.4 Similarly, Do the reports in the Greek newspapers (daily or weekly) substitute the official announcements for the listed companies?

Question 3.5 Do you read the formal "investor releases" released by the IR offices?

Yes ☐
No ☐
Often ☐

Question 3.6 Do you prefer to talk directly and/or officially with the listed firms?

25% ☐
50% ☐
Not applicable ☐

Question 3.7 Do you prefer that the firm to have designated an Official Spokesperson to the investors, analysts, newspapers, media, etc?

Yes ☐
No ☐
To whom ____________________________ ☐
Not applicable ☐

Question 3.8 If yes. Is this person the IRO?

Yes ☐
No ☐
Not applicable ☐

Question 3.9 How the sell-side analysts out of London of the big international investment banks and their sales people fill-in or duplicate the IR job for the listed company?

Question 3.10 Is there any cost and benefit for it, if that happens?

SECTION 4: MACRO ASPECTS OF THE IR FUNCTION

Question 4.1 Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?

Question 4.2 Can you see any influence or mandatory convergence to the European Corporate Governance?

Question 4.3 Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?

Question 4.4 Is there any learning IR experience (curve) in Greece?

Question 4.5 Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?

SECTION 5: EXECUTING OF THE INVESTOR RELATIONS PROGRAMME

Question 5.1 Please can you indicate the means by which you communicate with the listed targeted firms and the importance of the different means of communications?

SECTION 6: GROUP and ONE-on-ONE COMPANY MEETINGS WITH ANALYSTS

Question 6.1 Do you participate to group presentations?

Yes ☐
No ☐

Question 6.2 Which company officials represent the company at some or all of these meetings?

	Yes	No	Not applicable (no such official)
i) Director of Research	☐	☐	☐
ii) Industry Research Analyst	☐	☐	☐
iii) Country Research analyst	☐	☐	☐
iv) Team of people	☐	☐	☐

Question 6.3 Do you participate to one-on-one meetings-presentations?

Yes ☐
No ☐

Question 6.4 Which company officials represent the company at some or all of these private meetings?

	Yes	No	Not applicable
i) Director of research	☐	☐	☐
ii) Industry research Analyst	☐	☐	☐
iii) Country research Analyst	☐	☐	☐
iv) Team of people	☐	☐	☐

Question 6.5 Does the company keep a record of the proceedings of these meetings?

	Yes	No	Not Applicable
General (or group) meetings	☐	☐	☐
One to one (or individual meetings)	☐	☐	☐

Question 6.6 How many of these meetings did your company hold in the past twelve months?

General meetings
One to one meetings

Question 6.7 Approximately how many officials are invited to these meetings?

Individuals
Team

Question 6.8 Do you set up the meetings or the listed company?

Fund (Client)
Your Research department
Top management
IRO

Question 6.9 Can you provide an estimate of the number of individuals who have attended at last one of group meetings (special or general) in the past 12 months?

Individuals
Team

Question 6.10 Do you go to group presentations, organized by other brokerage firms or banks?

Always
Often
Never

Question 6.11 Do you go to group presentations, organized by the listed companies themselves?

Always
Often
Never
Other

Question 6.12 Please indicate the types of information that the listed companies provide to delegates at these meetings (special or general). In respect of those types of information that there are provided please can you indicate their relative importance.

SECTION 7: TELEPHONE CONVERSATION

Question 7.1 Does your company engage in telephone conversation with targeted listed companies?

	Yes	No
Often	☐	☐
Never	☐	☐

Question 7.2 Please indicate the company personnel who answer telephone enquiries

	Yes	No	Not applicable (no such official)
i) Chairman - Non-executive	☐	☐	☐
ii) CEO	☐	☐	☐
iii) CFO			
iv) IRO	☐	☐	☐
v) Company Secretary	☐	☐	☐
vi) Chief Accountant	☐	☐	☐
vii) Marketing Director	☐	☐	☐
viii) Head of Public Relations	☐	☐	☐
ix) External Financial Public Relations Consultant	☐	☐	☐
Other (Please specify)			

Question 7.3Do you keep a record of these telephone conversations?

- A tape recording is made ☐
- A written record is made ☐
- No record is made ☐

Question 7.4Do you believe that the info provided useful and value added to your evaluation of the listed firms?

- Useful ☐
- Partially useful ☐
- Useless ☐
- Other ☐

SECTION 8: COMPANY FEEDBACK ON SELL – SIDE ANALYSTS' REPORTS

Question 8.1Do you utilize a industry specific analyst?

Question 8.2 How many firms you cover each year?

Question 8.3 Before you evaluate a stock, do you consult with your trader and/or the corporate finance department?

- No whatsoever ☐
- Lightly ☐
- Very much ☐

Question 8.4 Before you evaluate a stock, do you consult with other sell-side analysts' reports?

- No whatsoever ☐
- Lightly ☐
- Very much ☐

Question 8.5 Before you issue the analysis report, how many times you meet with the top management of the targeted firms?

- Chairman of the BoD ☐
- CEO ☐
- CFO ☐
- IRO ☐
- Accounting ☐
- COO ☐

Question 8.6 Do you visit the premises/headquarters of the targeted company?

- Often ☐
- Sometimes ☐
- Never ☐

Question 8.7 How many times you visit the company before or after the report?

- Once ☐
- More x_________ ☐
- Never ☐

SECTION 9: MAILING INFORMATION

Question 9.1Do you receive mail information from the listed companies?

	Yes	No
Often	☐	☐
Sometimes	☐	☐
Never	☐	☐

Question 9.2 What type of information do you receive?

i) Annual report
ii) Interim report
iii) Quarterly reports
iv) Copies of announcements sent to
the company news service of the
ASE / LSE / NYSE / NASDAQ
v) Takeover documents
vi) Company information brochures
and other promotional literature
vii) General press releases
viii) Documents designed specifically for analysts
x) Information not available

SECTION 10: PROACTIVE ROADSHOWS (VISITING THE FUND MANAGERS)

Question 10.1 Do you use /prefer a roadshow communication policy?

Question 10.2 Is it tactical, offering related or proactive?

Question 10.3 How many times per year listed companies visit you?

Once per year
Twice per year
More
Never
Other

Question 10.4 Who participates from the listed company?

Chairman
CEO
CFO
IRO

Question 10.5 Who is initiating and organizing it?

IRO of the listed company
Other top manager of the listed company
Your department (Analysis)
Other Greek brokerage firm

Question 10.6 Does your department or your brokerage house organize Offering roadshows, targeting Greek clients?

	Greek FMs	Global FMs
Analysis department		
Sales People and Brokers		
Both		
In cooperation with the IRO of the listed company		
In cooperation with an external (ie IR) consultant		
In cooperation with other market players		
In cooperation with a global Bank		

Question 10.7 Does your department or your brokerage house organize Relatioship roadshows, targeting Greek clients?

	Greek FMs	Global FMs
Analysis department		
Sales People and Brokers		
Both		
In cooperation with the IRO of the listed company		
In cooperation with an external (ie IR) consultant		
In cooperation with other market players		
In cooperation with a global Bank		

Question 10.8 Does your department or your brokerage house organize Proactive roadshows, targeting Greek clients?

	Greek FMs	Global FMs
Analysis department		
Sales People and Brokers		
Both		
In cooperation with the IRO of the listed company		
In cooperation with an external (ie IR) consultant		
In cooperation with other market players		
In cooperation with a global Bank		

Question 10.9 Does the IR helps or plans or directs the focus of the roadshow

Always
Sometimes
Never
Do not know

Question 10.10 Do roadshows help you comprehend better the listed companies?

Exponentially
Moderately
No
Never valued

Question 10.11 What do you think of the roadshows done by the Greek companies?

Question 10.12 Do you believe that these roadshows are effective, in terms of liquidity and performance?

Question 10.13 Do you organize roadshows in Greece for global stocks?

SECTION 11: EMAIL DATA BASE MANAGEMENT AND DISTRIBUTION OF INFORMATION

Question 11.1 Do you use the email for info?

Question 11.2 Do you use the fax for info?

Question 11.3 Is the email complementary with the Fax system for gathering info?

Question 11.4 How often you receive press releases via email?

SECTION 12: CONFERENCE CALLS AS A VOLUNTARY DISCLOSURE MEDIUM

Question 12.1 Do you participate in the conference calls by the listed companies?

Question 12.2 Do you participate in conference calls with the quarterly results announcements (four times annually)?

Question 12.3 When else you participate in conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough...?)

Question 12.4 What is the average number of participants in the conference calls?

More than 10
More than 20
More than 30

Question 12.5 Who participates in the conference call from your company?

Director of Research
Industry Research Analyst
Country Research analyst
Team

SECTION 13: DISCLOSURE VIA INTERNET SITES

Question 13.1 Do you use the targeted listed companies' web site?

Question 13.2 Do you believe their web site is sufficient and user friendly?

Question 13.3 Please, evaluate the web sites in terms of information effectiveness?

Question 13.4 Please, could you recommend any improvements?

....

Appendix III: Interviews with Fund Managers

SECTION 1: ORGANISATION OF THE INVESTOR RELATIONS FUNCTION

Question 1.1 Please state the number of executives in your company.

Executive directors
Support staff

Question 1.2 Please specify if you communicate with the top management of the listed companies?

Question 1.3 With whom of the top management you have rapport frequently?

	0 Not Applicable	1 Not at all	2 Minor extent	3 Moderate extent	4 Large extent
i) Chairman					
ii) CEO					
iii) CFO					
iv) IRO					

Other directors (Please specify)

Question 1.4 Please specify if you know the IRO, in person?

Question 1.5 Please specify for what issues you talk to the IRO?

Strategic issues
Financial issues

Question 1.6 How many days per year you or your associates talk with the IR office, of the targeted listed firms.

50 days per year
30 days per year
10 days per year

Question 1.7 Does the IR office service you well?

Yes (with investor relations as the main responsibility-there is an IRO)

Yes (with investor relations as part of responsibilities-no IRO) ☐
No ☐

Question 1.8 How quickly the IR respond to your inquires?

Within 24 hours ☐
Within 3 days ☐
Within a week ☐
Later ☐
Never ☐

Question 1.9 What kind of relationship exists?

Personal ☐
Telephone ☐
Email ☐
Mail ☐
Nothing ☐
Other ☐

Question 1.10 Do you communicate with other company departments (ie the shareholder registry, accounting, etc)

Yes ☐
No ☐
Not applicable ☐

Question 1.11 Does the office for the retail shareholders (Metoxologio) compliment the IR function?

Question 1.12 Please indicate the number of staff working for the investor relations

One ☐
Two ☐
Three ☐
More than 3 ☐
Not Known ☐

Question 1.13 Is this staff dedicated to investor relations / finance public relations work or do they perform other duties?

Yes – work is mainly investor relations ☐
No – work involves other duties ☐
Not applicable ☐

Question 1.14 What constitutes a good and effective IR office?

SECTION 2: INTERNATIONAL IR ASPECTS AND CONSULTATION

Question 2.1Do you know if your targeted companies currently employ the services of an external investor relations or financial public relations consultant?

Yes ☐
No ☐
How many ☐
Percentage (%) ☐

Question 2.2 Any company currently employ the services of other related to the IR professionals (such as Financial Information Services [Carson group, Technimetrics, etc], Web sites specialists, Annual report distribution agencies, etc)

Yes ☐
No ☐
How many ☐
Percentage (%) ☐

(Dual listing cases)

Question 2.3 Are your targeted dual listed companies?

Question 2.4 And on what exchanges?

NYSE ☐
NASDAQ ☐
LSE ☐
FRANKFURT ☐
OTHER ☐

Question 2.5 How the dual listing of the stock has influenced the IR function and its activities?

Question 2.6 Do you observe any difference between listed at the ASE and dual listed companies?

SECTION 3: SUBSTITUTION EFFECTS FOR THE IR FUNCTION

Question 3.1How the analysts and the traders or sales people of the domestic securities firms have replaced and/or duplicated the IR function of targeted companies?

Question 3.2 Do you read / follow regularly the daily's by the brokerage houses?

Question 3.3 Do the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for the listed

companies? Question 3.4 Similarly. DO the reports in the Greek newspapers (daily or weekly) substitute the official announcements for the listed companies?

Question 3.5 Do you read the formal "investor releases" released by the IR offices?

Yes ☐
No ☐
Often ☐

Question 3.6 Do you prefer to talk directly and/or officially with the listed firms?

25% ☐
50% ☐
Not applicable ☐

Question 3.7 Do you prefer that the firm to have designated an Official Spokesperson to the investors, analysts, newspapers, media, etc?

Yes ☐
No ☐
To whom ______________________ ☐
Not applicable ☐

Question 3.8 If yes. Is this person the IRO?

Yes ☐
No ☐
Not applicable ☐

Question 3.9 How the sell-side analysts out of London of the big international investment banks and their sales people fill-in or duplicate the IR job for the listed company?

Question 3.10 Is there any cost and benefit for it, if that happens?

SECTION 4: MACRO ASPECTS OF THE IR FUNCTION

Question 4.1 Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?

Question 4.2Can you see any influence or mandatory convergence to the European Corporate Governance?

Question 4.3 Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?

Question 4.4 Is there any learning IR experience (curve) in Greece?

Question 4.5 Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?

SECTION 5: EXECUTING OF THE INVESTOR RELATIONS PROGRAMME

Question 5.1 Please can you indicate the means by which you communicate with the listed targeted firms and the importance of the different means of communications?

SECTION 6: COMPANY MEETINGS WITH ANALYSTS AND FUND MANAGERS

Question 6.1Do you participate to group presentations?

Yes ☐
No ☐

Question 6.2 Which company officials represent the company at some or all of these meetings?

	Yes	No	Not applicable
i) Top Fund Manager	☐	☐	☐
ii) Industry Fund Manager	☐	☐	☐
iii) Analyst	☐	☐	☐
iv) Team of people	☐	☐	☐

Question 6.3 Do you participate to one-on-one meetings-presentations?

Question 6.4 Which company officials represent the company at some or all of these private meetings?

	Yes	No	Not applicable
i) Top Fund Manager	☐	☐	☐
ii) Industry Fund Manager	☐	☐	☐
iii) Analyst	☐	☐	☐
iv) Team of people	☐	☐	☐

Question 6.5Does the company keep a record of the proceedings of these meeting

	Yes	No	Not Applicable
General (or group) meetings	☐	☐	☐
One to one (or individual meetings)	☐	☐	☐

Question 6.6 How many of these meetings did your company hold in the past twelve months?

General meetings
One to one meetings

Question 6.7Approximately how many officials are invited to these meetings?

Individuals

Team

Question 6.8 Do you set up the meetings or the listed company?

Fund

IRO

Top management

Brokerage House (Χρηματιστηριακή)

Other

Question 6.9 Can you provide an estimate of the number of individuals who have attended at last one of group meetings (special or general) in the past 12 months?

Individuals

Team

Question 6.10 Do you go to group presentations, organized by the brokerage firms?

Always

Often

Never

Question 6.11Do you go to group presentations, organized by the listed companies themselves?

Always

Very often

Often

Never

Question 6.12 Please indicate the types of information that the listed companies provide to delegates at these meetings (special or general).In respect of those types of information that there are provided please can you indicate their relative importance.

SECTION 7: TELEPHONE CONVERSATION

Question 7.1Does your company engage in telephone conversation with targeted listed companies?

	Yes	No
Often	☐	☐
Never	☐	☐

Question 7.2 Please indicate the company personnel who answer telephone enquiries

	Yes	No	Not applicable
i) Chairman - Non-executive	☐	☐	☐
ii) CEO	☐	☐	☐
iii) CFO			
iv) IRO	☐	☐	☐
v) Company Secretary	☐	☐	☐
vi) Chief Accountant	☐	☐	☐
vii) Marketing Director	☐	☐	☐
viii) Head of Public Relations	☐	☐	☐
ix) External Financial Public Relations Consultant	☐	☐	☐

Question 7.3 Do you keep a record of these telephone conversations?

A tape recording is made ☐

A written record is made ☐

No record is made ☐

Question 7.4 Do you believe that the info provided useful and value added to your evaluation of the listed firms?

Useful ☐

Partially useful ☐

Useless ☐

SECTION 8: COMPANY FEEDBACK ON SELL - SIDE ANALYSTS' REPORTS

Question 8.1Do you utilize a buy side analyst?

Question 8.2 How many firms you cover each year?

Question 8.3 Before you invest in a stock, do you consult with your analyst?

No whatsoever ☐

Slightly ☐

Very much ☐

Question 8.4 Before you invest in a stock, do you consult with the sell-side analysts' reports?

No whatsoever ☐

Slightly ☐

Very much ☐

Question 8.5 Is the company analysis sufficient?

Often ☐

Sometimes ☐

Never ☐

Question 8.6 Before you invest, do you visit the premises/headquarters of the targeted company?

Often ☐
Sometimes ☐
Never ☐

Question 8.7 How many times you visit the company before or after the investment?

Often ☐
Sometimes ☐
Never ☐

SECTION 9: MAILING INFORMATION

Question 9.1Do you receive mail information from the listed companies?

	Yes	No
Often	☐	☐
Sometimes	☐	☐
Never	☐	☐

Question 9.2 What type of information do you receive?

i) Annual report ☐
ii) Interim report ☐
iii) Quarterly reports ☐
iv) Copies of announcements sent to the company news service of the ASE / LSE / NYSE / NASDAQ ☐
v) Takeover documents ☐
vi) Company information brochures and other promotional literature ☐
vii) General press releases ☐
viii) Documents designed specifically for analysts ☐
Other, please specify
x) Information not available ☐

SECTION 10: PROACTIVE ROADSHOWS (VISITING THE FUND MANAGERS)

Question 10.1 Do you use /prefer a roadshow communication policy?

Question 10.2 Is it tactical, offering related or proactive?

Offering Roadshows
Relationship Roadshows
Proactive Roadshows
Combination
Other

Question 10.3 How many times per year listed companies visit you?

Once per year ☐
Twice per year ☐
More ☐
Never ☐
Other ☐

Question 10.4 Who participates from the listed company?

Chairman ☐
CEO ☐
CFO ☐
IRO ☐

Question 10.5 Who is organizing it?

Global bank (Morgan, Lehman...) ☐
Institution ☐
Greek bank ☐
Greek brokerage firm ☐
Company itself ☐

Question 10.6 Does the IR helps or plans or directs the focus of the roadshow

Always ☐
Sometimes ☐
Never ☐
Do not know ☐

Question 10.7 Do roadshows help you comprehend better the listed companies?

Exponentially ☐
Moderately ☐

No ☐
Never valued ☐

Question 10.8 What do you think of the roadshows done by the Greek companies?

Question 10.9 Are you a target for global stocks?

European listed companies ☐
American listed companies ☐
Neighboring (Balkan, Middle East,..) listed companies ☐
Other Emerging Markets ☐

Question 10.10 Do you participate in Global Investor Conferences?

SECTION 11: EMAIL DATA BASE MANAGEMENT AND DISTRIBUTION OF INFORMATION

Question 11.1 Do you use the email for info?

Question 11.2 Do you use the fax for info?

Question 11.3 Is the email complementary with the Fax system for gathering info?

Question 11.4 How often you receive press releases via email?

SECTION 12: CONFERENCE CALLS AS A VOLUNTARY DISCLOSURE MEDIUM

Question 12.1 Do you participate in the conference calls by the listed companies?

Question 12.2 Do you participate in conference calls with the quarterly results announcements (four times annually)?

Question 12.3 When else you participate in conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough...?)

Question 12.4 What is the average number of participants in the conference calls?

More than 10 ☐
More than 20 ☐
More than 30 ☐

Question 12.5 Who participates in the conference call from your company?

Top Fund Manager ☐
Industry Fund Manager ☐
Buy side analyst ☐
Team ☐

SECTION 13: DISCLOSURE VIA INTERNET SITES

Question 13.1 Do you use the targeted listed companies' web site?

Question 13.2 Do you believe their web site is sufficient and user friendly?

Question 13.3 Please, evaluate the web sites in terms of information effectiveness?

Question 13.4 Please, could you recommend any improvements?

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Appendix IV: Response Rate to the Semi-Structured Interviews

Response Rate to Interviews

RESPONSE RATES TO THE SEMI-STRUCTURED INTERVIEWS and QUESTIONNAIRES											
Response	Initial mailing		Interviews			Success Rate			FTSE/ASE Index Listed		
	No.	% of total	No.	% of total	% of Initial	No.	% of total	% of Initial	Index Listed Firms	No of Firms	% of FTSE
Top Management											
Chairman of the BoD			14	8.5%					FTSE/ASE 20	16	80%
CEO			11	6.8%					FTSE/ASE 40	25	63%
CFO			15	9.2%					FTSE/ASE 80	35	44%
IRO			36	21.9%					Other	0	0
Subtotal	250	70.5%	76	46.4%	30.4%	76	46.4%	30.4%	*Subtotal*	76	54.3%
Analysts											
Locals	35	9.8%	34	20.7%	97.1%						
London based	10	2.8%	10	6.1%	100%						
Subtotal	45	12.6%	44	26.8%	97.8%	44	26.8%	97.8%			
Fund Managers											
Locals	40	11.3%	26	15.9%	65%						
London based	20	5.6%	18	10.9%	90%						
Subtotal	60	16.9%	44	26.8%	73.3%	44	26.8%	73.3%			
Research Total	355	100%	164	100%		164	100%	46.2%			

Appendix V: Data Analysis - Top Management

Section 1.0: Organisation of the IR function

Questions	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	40	80	Σ	%	%	%					
1.1 Please state the number of executives in your company												
i. Executive Directors	10+	10+	10+									
ii. Non-executive Directors	10+	10+	10+									
1.2 Please specify how many of the directors are involved to some extent in managing and/or executing the investor relations function?												
i. Yes	11	18	30		68	72	85					
ii. No	4	6	3		25	24	8					
iii. NA	1	1	2		7	4	7					
FTSE/ASE	**20**	**20**	**20**	**20**	**40**	**40**	**40**	**40**	**80**	**80**	**80**	**80**
1.3 To what extent are the members of your company's directorate involved in managing and/or executing the investor relations function*.	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***
i. Chairman of the BoD	-	2	8	6	-	-	5	20	-	-	10	25
ii. CEO	-	-	6	10	-	-	2	23	-	-	-	35
iii. CFO	-	-	2	14	-	-	-	25	-	-	-	35
iv. Marketing Director	-	-	-	2	-	-	-	-	-	-	-	-
v. IR analyst	-	-	-	4	-	-	-	-	-	-	-	-
i. Chairman of the BoD (%)	-	12	50	38	-	-	20	80	-	-	29	71
ii. CEO (%)	-	-	38	63	-	-	8	92	-	-	-	100
iii. CFO (%)	-	-	12	88	-	-	-	100	-	-	-	100
iv. Marketing Director (%)	-	-	-	12	-	-	-	-	-	-	-	-
v. IR analyst (%)	-	-	-	25	-	-	-	-	-	-	-	-
1.4 Can you provide an estimate of the number of working days in a year that the directors devote to investor relations?	**20**	**40**	**80**	**Σ**								
i. Chairman of the BoD (days)	20	40	70									
ii. CEO (days)	25	40	65									
iii. CFO (days)	35	50	60									

1.5 Does your company have a designated investor relations / financial public relations officer?												
i. Yes (IR full time)	12	17	22		75	68	63					
ii. Yes (IR part time)	2	4	10		13	16	28					
iii. No	2	4	3		13	16	9					
1.6 a) Please state the job title if the answer to the above question was Yes	iro	iro	iro									
b) To whom the does the designated investor relations officer report?												
i. Chairman	4	8	15		25	32	43					
ii. CEO	-	12	5		-	48	14					
iii. CFO	12	5	15		75	20	43					
1.7 Please indicate the position of the investor function within your organization.												
i. It is carried out by a separate department	10	13	9		63	52	26					
ii. It is carried out by a section of the public relations department	-	-	-		-	-	-					
iii. It is carried out by the CEO's Office	-	-	1									
iv. It is carried out by the Chairman's office	-	-	-		-	-	-					
v. It is carried out by the CFO's office	2	7	8		13	28	23					
vi. It is carried out by company executives, with no central unit or department	3	2	3		-	-	-					
vii. It is carried out by the office for shareholders (registry office)	1	3	14		6	12	40					
viii. There is no investor relations function	-	-	-		-	-	-					
1.8 Please indicate if your company has a separate IR department that is not the same as the Office for Shareholders (Metoxologio) and how they cooperate?												
i. Yes	16	13	11		100	52	31					
ii. No	-	10	15		-	40	43					
iii. NA	-	2	9		-	8	26					
1.9 Does the office for the retail shareholders (Metoxologio) compliment												

the IR function?												
i. Yes	16	20	30		100	80	86					
ii. No	-	-	1		-	-	3					
iii. NA	-	5	4		-	20	11					
1.10 Please indicate the number of staff working for the investor relations / financial public relations officer (including clerical and secretarial assistants) (Employees).	2-5	1-3	1-2									
1.11 Is this staff dedicated to investor relations / finance public relations work or do they perform other duties?												
i. Yes	12	10	11		75	40	31					
ii. No	2	12	21		13	48	60					
iii. NA	2	3	3		13	12	9					
1.12 Please can you provide an estimate of the annual gross salary bill for the investor relations officer and his / her staff?												
i. For IRO more than 150,000 €	2	4	7		13	16	20					
ii. For other staff, regular pay	6	17	21		38	68	60					
iii. Information not available	6	4	7		38	16	20					
iv. Not applicable	1	-	-		13	-	-					
1.13 Please can you give an approximate indication of the annual budget allocation for the investor relations function (excluding the salary bill and also excluding the cost of production and distribution of annual report)?												
i. Budget exceeds 100,000 €	6	12	8		38	48	23					
ii. Budget exceeds 200,000 €	6	8	7		38	32	20					
iii. Budget exceeds 300,000 €	4	3	4		25	12	12					
iv. Information not available	-	-	-		-	-	-					
iv. Not applicable	-	2	16		-	8	45					
1.14 Does your company have a formal policy or written description stating the objectives and responsibilities of the investor relations function?												

i. Yes	5	4	5		31	16	14					
ii. No	11	21	30		69	84	86					

*1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 2.0: International IR aspects and consultation

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
2.1 Does your company currently employ the services of an external investor relations or financial public relations consultant?												
i. Yes	6	4	11		37	16	32					
ii. No	10	21	24		63	84	68					
2.2 Does your company currently employ the services of other related to the IR professionals (such as Financial Information Services [Carson group, Technimetrics, etc], Web sites specialists, Annual report distribution agencies, etc)												
i. Yes	4	9	15		25	36	43					
ii. No	12	16	20		75	64	57					
2.3 Can you provide an approximate indication of the cost incurred by your company in the past twelve months in retaining the services of an external investor relations or financial public relations consultant?												
i. Total cost exceeds 30,000 €	6	12	17		37	48	49					
ii. Total cost exceeds 90,000 €	2	6	3		13	24	8					
iii. Total cost exceeds150,000 €	2	2	1		13	8	3					
iv. Not applicable	6	5	14		37	20	40					
2.4 If you were able to answer the above question please can you provide an estimate of the percentage of the consultant's charges that relate to communications with analysts (both sell – side and buy-side) and fund managers as opposed to communications with other groups?												
i. Information not available	-	-	-		-	-	-					

ii. NA	-	-	-		-	-	-					
2.5 Is your company dual listed?												
i. Yes	7	4	4		44	16	11					
ii. No	9	21	31		56	84	89					
2.6 And on what exchanges?												
i. NYSE	3	-	-		19	-	-					
ii. NASDAQ	-	-	-		-	-	-					
iii. LSE	8	4	2		50	16	6					
iv. FRANKFURT (Deutsche Bourse)	2	7	4		13	28	11					
v. Other	2	1	-		13	4	-					
	20	**20**	**20**	**20**	**40**	**40**	**40**	**40**	**80**	**80**	**80**	**80**
2.7 How the dual listing of the stock has influenced the IR function and its activities?*	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***
i. Yes	-	-	4	6	-	-	5	-	-	-	2	-
ii. No	-	-	-	-	-	-	-	-	-	-	-	-
i. Yes (%)	-	-	25	38	-	-	20	-	-	-	6	-
ii. No (%)	-	-	-	-	-	-	-	-	-	-	-	-
2.8 Does the IR have direct connection with the following depositary banks:												
i. BONY	6	2	1		38	8	3					
ii. Citibank	3	1	-		19	4	-					
iii. JP Morgan	-	-	-		-	-	-					
2.9 Is the IRO or an external consultant (IR company or Law office) that files the information such as 6K and 20F?												
i. IRO	10	6	2		63	24	6					
ii. External consultant	-	-	-		-	-	-					
iii. Law office	3	-	-		19	-	-					
iv. Other	1	-	-		6	-	-					
v. NA	1	-	-		6	-	-					

Section 3.0: Substitution effects for the IR function

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	40	80	Σ	%	%	%					
3.1 How the analysts and the traders or sales people of the domestic securities firms have replaced and/or duplicated the IR function of your company?												
i. Complimentary	14	16	10		88	64	29					
ii. Replace	1	4	12		6	16	34					
iii. NA	1	-	-		6	-	-					
3.2 Do the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for your company?												
i. Yes	1	3	9		6	12	26					
ii. No	14	18	17		88	72	49					
iii. NA	1	4	9		6	16	26					
3.3 Similarly, DO the reports in the Greek newspapers (daily or weekly) substitute the official announcements for your company?												
i. Yes	-	8	15		-	32	43					
ii. No	15	12	15		94	48	43					
iii. NA	1	5	5		6	20	14					
3.4 Have you designated an Official Spokesperson to the newspapers, media, etc?												
i. Yes	13	14	11		81	56	31					
ii. No	1	10	18		6	40	51					
iii. To whom	-	-	-		-	-	-					
iv. NA	2	1	6		13	4	18					
3.5 If yes. Is this person the IRO?												
i. Yes	9	11	11		56	44	31					
ii. No	7	8	18		44	32	51					
iii. NA	-	6	6		-	24	18					

3.6 How the sell-side analysts out of London of the big international investment banks and their sales people fill-in or duplicate the IR job for the listed company?												
i. Yes	-	-	-		-	-	-					
ii. No	15	20	28		94	80	80					
iii. NA	1	5	7		6	20	20					
3.7 Is there any cost and benefit for it, if that happens?												
i. Yes	-	-	-		-	-	-					
ii. No	-	6	12		-	24	34					
iii. NA	16	19	23		100	76	66					
3.8 Do your auditors play an important role and most often influence your company's corporate disclosure policies?												
i. Yes	-	2	4		-	8	11					
ii. No	10	17	19		63	68	54					
iii. NA	6	6	12		38	24	34					

Section 4.0: Macro aspects of the IR function

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
4.1 Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?												
i. Yes	16	19	29		100	76	83					
ii. No	-	3	2		-	12	6					
iii. NA	-	3	4		-	12	11					
4.2 Can you see any influence or mandatory convergence to the European Corporate Governance?												
i. Yes	16	23	32		100	92	91					
ii. No	-	-	1		-	-	3					
iii. NA	-	2	2		-	8	6					
4.3 Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific												

voluntary disclosure or forecasting policies?												
i. Yes	14	8	17		88	32	49					
ii. No	-	6	7		-	24	20					
iii. NA	2	11	11		12	44	31					
4.4 Is there any learning IR experience (curve) in Greece?												
i. Yes	10	16	19		63	64	54					
ii. No	6	5	5		37	20	14					
iii. NA	-	4	11		-	16	31					
4.5 Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?												
i. Yes	15	24	35		94	96	100					
ii. No	-	-	-		-	-	-					
iii. NA	1	1	-		6	4	-3					

Section 5.0: Executing the IR programme

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	20	20	20	40	40	40	40	80	80	80	80
5.1 Please can you indicate the means by which your company communicates with analysts (sell – side and buy – side) and fund managers and the importance of the different means of communications?*	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***
i. By group presentations	3	3	3	7	4	5	8	8	-	7	14	14
ii. By private meetings (one-on-one)	-	-	2	14	-	-	2	23	-	-	2	33
iii. By telephone queries	-	-	1	15	-	1	5	19	-	-	3	32
iv. By the sell-side analysts' reports feedback	-	-	2	14	-	-	-	25	1	-	2	32
v. By mailing information	-	-	1	15	-	-	2	23	1	3	1	30
vi. By visiting the companies	-	-	-	16	-	-	1	24	-	2	5	28
vii. By increasing analysts coverage	-	-	-	16	1	-	2	22	2	-	6	27
viii. By email	-	-	-	16	-	-	-	25	-	-	2	33
ix. By holding conference calls	3	2	4	7	5	6	9	5	5	19	9	2
x. Via the internet	-	-	1	15	-	-	2	23	-	-	2	33
xi. Web casting	5	8	-	3	2	13	7	3	2	18	12	3

i. By group presentations (%)	19	19	19	44	16	20	32	32	-	20	40	40
ii. By private meetings (one-on-one) (%)	-	-	12	88	-	-	8	92	-	-	6	94
iii. By telephone queries (%)	-	-	6	94	-	4	20	76	-	-	9	91
iv. By the sell-side analysts' reports feedback (%)	-	-	12	88	-	-	-	100	3	-	6	91
v. By mailing information (%)	-	-	6	94	-	-	8	92	3	8	3	86
vi. By visiting the companies (%)	-	-	-	100	-	-	4	96	-	6	14	80
vii. By increasing analysts coverage (%)	-	-	-	100	4	-	8	88	6	-	17	77
viii. By email (%)	-	-	-	100	-	-	-	100	-	-	6	94
ix. By holding conference calls (%)	19	12	25	44	20	24	36	20	14	54	26	6
x. Via the internet (%)	-	-	6	94	-	-	8	92	-	-	6	94
xi. Web casting (%)	31	50	-	19	8	52	28	12	6	51	34	9

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Section 6.0: Company meetings with analysts and fund managers

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	40	80	Σ	%	%	%					
6.1 Does your company hold meetings with any of the following? Sell – side analysts, buy-side analysts and fund managers.												
i. Yes	16	25	35		100	100	100					
ii. No	-	-	-		-	-	-					
6.2 Which company officials represent the company at some or all of these meetings?												
i. Chairman	2	13	21		12	52	60					
ii. CEO	6	15	17		38	60	48					
iii. CFO	16	19	20		100	76	57					
iv. Marketing Director	1	2	-		6	8	-					
v. Company secretary	-	-	-		-	-	-					
vi. Chief Accountant	1	2	3		6	8	8.5					
vii. IRO	14	19	24		88	76	69					
viii. Head of PR	-	-	-		-	-	-					
ix. External financial PR Consultant	2	1	-		12	4	-					

x. Other	-	-	-		-	-	-					
6.3 Does the company keep a record of the proceedings of these meetings?												
i. General (group) meetings	16	18	22		100	72	63					
ii. One-on-one (individual) meetings	16	21	24		100	84	69					
6.4 How many of these meetings did your company hold in the past twelve months? (on average)												
i. General (group) meetings	10	6	6		-	-	-					
ii. One-on-one (individual) meetings	45	23	24		-	-	-					
6.5 Approximately how many analysts are there on your company's circulation list of people who may be invited to these meetings?												
i. Sell-side analysts	100	80	80		-	-	-					
ii. Buy-side analysts and fund managers	200	300	320		-	-	-					
6.6 Can you provide an estimate of the number of individual analysts who have attended at last one of your meetings (special or general) in the past 12 months?												
i. Sell-side analysts	30	20	20		30	25	25					
ii. Buy-side analysts and fund managers	35	20	20		35	7	6					
6.7 Can you provide an estimate of the number of stock-broking firms and institutions, which sent representatives to your meetings (special or general) in the past 12 months?												
i. Sell-side analysts	30	30	30		30	38	38					
ii. Other analysts	20	30	15		10	10	5					
6.8 Can you provide an estimate of the number of institutional investor organization, which sent representatives to your meetings (one to one or general) in the past 12 months?												
i. Buy-side analysts and fund managers	40	35	35		40	44	44					
ii. Other analysts	20	10	10		10	3	3					
6.9 Please indicate the types of information that your company provides to delegates (sell- side analysts and / or buy – side analysts and / or fund	**20**	**20**	**20**	**20**	**40**	**40**	**40**	**40**	**80**	**80**	**80**	**80**

managers) at these meetings (special or general). In respect of those types of information that there are provided please can you indicate their relative importance.												
	1*	2*	3*	4*	1*	2*	3*	4*	1*	2*	3*	4*
i. Explanation of recent results in the context of the general economic environment	-	-	1	15	-	-	1	24	-	-	-	35
ii. Explanation of accounting policies	-	2	5	9	-	2	5	18	-	-	14	21
iii. Additional breakdown of published figures by line of business	-	1	4	11	-	2	7	14	-	-	14	21
iv. Additional breakdown of published figures by geographical area	1	2	5	8	1	1	7	16	1	1	11	22
v. Performance of recent acquisitions	-	-	4	12	-	-	5	20	-	-	1	34
vi. Outcome of completed research and development projects	-	3	3	10	1	4	11	10	1	7	10	17
vii. Explanation of structure of balance sheet and gearing	-	-	1	15	-	-	2	23	-	-	4	31
viii. Strategy	-	-	-	16	-	-	2	23	-	-	5	30
ix. Industry structure	-	2	7	7	-	2	10	13	-	3	14	18
x. Industry	-	-	6	10	-	-	7	18	-	2	11	22
<u>Future prospects</u> (Subject, if necessary, to prior announcement to the ASE, LSE, NYSE, etc)												
xi. First announcement of major new projects and developments	-	-	2	14	-	-	7	18	-	-	9	26
xii. Further explanation of major new projects and developments that have already been announced	-	-	-	16	-	-	4	21	-	-	7	28
xiii. First announcement of new products	1	2	7	6	1	3	11	10	1	7	12	15
xiv. Further explanation of new products that have already been ann.	-	1	8	7	2	3	14	6	1	4	21	9
xv. First announcement of new contracts	1	2	10	3	2	5	11	6	2	4	18	11
xvi. Further explanation of new contracts that have already been announced	-	1	8	7	2	3	14	6	1	4	21	9
xvii. Current state of order book	5	4	3	4	5	9	6	5	5	10	11	9
xvi. Prospects of current research and development projects	7	3	4	2	7	6	4	8	6	7	14	8
xviii. First announcement of new research and development projects	4	5	5	2	6	4	9	6	6	7	10	12

xix. Further explanation of new research and development projects that have already been announced	3	5	6	2	7	9	5	4	7	7	10	11
xx. First announcement of profits forecast	-	-	2	14	-	-	4	21	-	-	5	30
xxi. Further explanation of profits forecast that has already been made	-	-	2	14	-	-	4	21	-	-	5	30
xxii. Company strategy in the short term	-	-	3	13	-	-	5	20	-	-	6	29
xxiii. Company strategy in the long term	-	-	3	13	-	-	5	20	-	-	6	29
xxiv. Company strategy for particular segments of the business	-	-	3	13	-	-	5	20	-	-	6	29
xxv. Company strategy on future acquisitions	-	-	3	13	-	-	5	20	-	-	6	29
xxvi. Company strategy on future disposals of segments of the business	-	-	5	11	-	-	14	11	-	-	18	17
xxvii. Long term investment plans	-	-	3	13	-	2	8	15	-	2	12	21
xxviii. Cash flow situation	-	-	-	16	-	-	1	24	-	-	3	32
xxix. Dividend policy	-	-	2	14	-	-	3	22	-	-	5	30
xxx. Other	-	-	-	-	-	-	-	-	-	-	-	-
xxxi. Consolidation Policy	-	-	4	12	-	-	8	7	-	2	15	18
xxxii. Outlook for final results	-	-	-	16	-	-	2	23	-	-	2	33
Past Performance (%)												
i. Explanation of recent results in the context of the general economic environment (%)	-	-	6	94	-	-	4	96	-	-	-	100
ii. Explanation of accounting policies (%)	-	12	31	56	-	8	20	72	-	-	40	60
iii. Additional breakdown of published figures by line of business (%)	-	6	25	69	-	8	28	56	-	-	40	60
iv. Additional breakdown of published figures by geographical area (%)	6	12	31	50	4	4	28	64	3	3	31	63
v. Performance of recent acquisitions (%)	-	-	25	75	-	-	20	48	-	-	3	97
vi. Outcome of completed research and development projects (%)	-	19	19	62	4	16	44	40	3	20	28	49
vii. Explanation of structure of balance sheet and gearing (%)	-	-	6	94	-	-	8	92	-	-	11	89
viii. Strategy (%)	-	-	-	100	-	-	8	92	-	-	14	86
ix. Industry structure (%)	-	12	44	44	-	4	40	52	-	9	40	51
x. Industry (%)	-	-	37	63	-	-	28	72	-	6	31	63
Future prospects (Subject to prior announcement to ASE, NYSE, etc) (%)												

xi. First announcement of major new projects and developments (%)	-	-	12	88	-	-	28	72	-	-	26	74
xii. Further explanation of major new projects and developments that have already been announced (%)	-	-	-	100	-	-	16	84	-	-	20	80
xiii. First announcement of new products (%)	6	12	44	37	4	12	44	40	3	20	34	43
xiv. Further explanation of new products that have been announced (%)	-	6	50	44	8	12	56	24	3	11	60	26
xv. First announcement of new contracts (%)	6	12	63	19	8	20	44	24	6	11	51	31
xvi. Further explanation of new contracts that have been announced (%)	-	6	50	44	8	12	56	24	3	11	60	26
xvii. Current state of order book (%)	31	25	19	25	20	36	24	20	14	28	31	26
xvi. Prospects of current research and development projects (%)	44	19	25	12	28	24	16	32	17	20	40	23
xviii. First announcement of new research and development projects (%)	25	31	31	12	24	16	36	24	17	20	28	34
xix. Further explanation of new research and development projects that have already been announced (%)	19	31	37	12	28	36	20	16	20	20	28	31
xx. First announcement of profits forecast (%)	-	-	12	88	-	-	16	84	-	-	14	86
xxi. Further explanation of profits forecast that has already been made	-	-	12	88	-	-	16	84	-	-	14	86
xxii. Company strategy in the short term (%)	-	-	19	81	-	-	20	80	-	-	17	83
xxiii. Company strategy in the long term (%)	-	-	19	81	-	-	20	80	-	-	17	83
xxiv. Company strategy for particular segments of the business (%)	-	-	19	81	-	-	20	80	-	-	17	83
xxv. Company strategy on future acquisitions (%)	-	-	19	81	-	-	20	80	-	-	17	83
xxvi. Company strategy on future disposals of segments of the business (%)		-	31	69	-	-	56	44	-	-	51	49
xxvii. Long term investment plans (%)	-	-	19	81	-	8	32	60	-	6	34	60
xxviii. Cash flow situation (%)	-	-	-	100	-	-	4	96	-	-	9	91
xxix. Dividend policy (%)	-	-	12	88	-	-	12	88	-	-	14	86
xxx. Other (%)	-	-	-	-	-	-	-	-	-	-	-	-
xxxi. Consolidation Policy (%)	-	-	12	88	-	-	32	28	-	6	43	51
xxxii. Outlook for final results (%)	-	-	-	100	-	-	8	92	-	-	6	9

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Section 7: Telephone conversation with analysts and fund managers

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	40	80	Σ	%	%	%					
7.1 Does your company engage in telephone conversation with targeted listed companies?												
i. Sell-side analysts	16	25	35		100	100	100					
ii. Buy-side analysts and fund managers	16	25	35		100	100	100					
7.2 Please indicate the company personnel who answer telephone enquiries (Where officials perform a dual role please link with a bracket.)	**20**	**20**	**20**	**20**	**40**	**40**	**40**	**40**	**80**	**80**	**80**	**80**
	1*	**2***	**3***		**1***	**2***	**3***		**1***	**2***	**3***	
i. Chairman –Non executive	2	12	2	-	9	12	4	-	15	15	5	-
ii. CEO	6	4	6	-	12	10	3	-	17	12	6	-
iii. CFO	12	-	4	-	18	3	4	-	26	5	4	-
iv. IRO	16	-	-	-	17	-	5	-	22	-	6	-
v. Company secretary	-	15	1	-	-	18	-	-	-	20	-	-
vi. Chief accountant	-	14	2	-	6	16	-	-	7	20	-	-
vii. Marketing director	-	16	-	-	-	10	-	-	-	7	14	-
viii. Hear of public relations	-	16	-	-	-	15	-	-	-	16	-	-
ix. External financial public relations consultant	-	16	-	-	-	-	-	-	-	-	-	-
x. Metoxologio	-	16	-	-	7	15	3	-	11	18	6	-
i. Chairman –Non executive (%)	12	75	12	-	36	48	16	-	43	43	14	-
ii. CEO (%)	38	25	38	-	48	40	12	-	49	34	17	-
iii. CFO (%)	75	-	25	-	72	12	16	-	74	14	11	-
iv. IRO (%)	100	-	-	-	68	-	20	-	63	-	17	-
v. Company secretary (%)	-	94	6	-	-	72	-	-	-	57	-	-
vi. Chief accountant (%)	-	88	12	-	24	64	-	-	28	57	-	-
vii. Marketing director (%)	-	100	-	-	-	40	-	-	-	28	56	-
viii. Hear of public relations (%)	-	100	-	-	-	60	-	-	-	64	-	-
ix. External financial public relations consultant (%)	-	100	-	-	-	-	-	-	-	-	-	-
x. Metoxologio (%)	-	100	-	-	28	60	12	-	44	72	24	-

7.3 Do you keep a record of these telephone conversations?	**20**	**40**	**80**	**Σ**	**%**	**%**	**%**					
i. A tape recording is made	2	2	4		13	8	12					
ii. A written record is made	4	10	12		25	40	34					
iii. No record is made	10	13	19		62	52	54					
7.4 Do you believe that the info provided useful and value added to your evaluation of the listed firms?	**1***	**2***	**3***		**1***	**2***	**3***		**1***	**2***	**3***	
	14	-	2		23	-	2		35	-	-	
(%)	88	-	12		92	-	8		100	-	-	

* 1) Yes, 2) No, 3) NA

Section 8 : Company feedback on sell-side analysts' reports

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
8.1 Can you state the approximate number of reports on your company that have been produced by sell – side / brokers' analysts in the past twelve months? (on average)	35	17	7									
8.2 Can you state the approximate number of reports that have been passed to your company for comment prior to issue in the past twelve months?	35	17	7									
8.3 What action does your company take when it receives a draft analysts' report for comment or when an analysts telephones to discuss his \ her draft report?					100	100	100					
i. Analysts' reports are never received	-	-	-		-	-	-					
ii. Feedback is never provided	-	-	-		-	-	-					
iii. Factual errors relating to published information are corrected	16	25	35		100	100	100					
iv. Comments are offered on the accuracy of analysts' prediction	16	25	35		100	100	100					
v. Other												
vi. B/S issues												
v. Sector prospects												
vi. Industry												

8.4 Executives that are designated to comment on drafts of the research reports?												
i. Chairman of the BoD	2	7	12		12	28	34					
ii. CEO	6	16	17		38	64	49					
iii. CFO	9	20	22		56	80	63					
iv. IRO	14	19	25		88	76	71					
v. Other	-	6	10		-	24	29					
8.5 Please can you specify your company's policy when asked to comment on analysts' profit forecasts.												
i. Company is never asked for comments	-	-	-		-	-	-					
ii. Comments are never made	-	-	-		-	-	-					
iii. Comments are made	16	25	35		100	100	100					
8.6 Executives that are designated to comment on the analysts' profit forecasts reports.												
i. Chairman of the BoD	12	20	30		75	80	86					
ii. CEO	16	23	33		100	92	94					
iii. CFO	16	23	29		100	92	83					
iv. IRO	16	19	24		100	76	69					
v. Other	-	-	-		-	-	-					
8.7 If your company does make comments on analysts' forecasts please can you indicate your procedure												
i. If a forecast is reasonable no comment is made	2	4	6		12	16	17					
ii. If a forecast is reasonable the company confirms this	14	21	27		88	84	77					
iii. If a forecast is not reasonable no comment is made	-	-	-		-	-	-					
iv. If a forecast is not reasonable the company informs the analysts	16	23	33		100	92	94					
v. An analyst will be given guidance regarding the size and direction of the error in his forecast	9	17	22		56	68	63					
vi. Other												

Section 9: Mailing information

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**20**	**20**	**20**	**40**	**40**	**40**	**40**	**80**	**80**	**80**	**80**
	1*	**2***	**3***		**1***	**2***	**3***		**1***	**2***	**3***	
9.1 Does your company mail information to analysts?												
i. Sell-side analysts	16	-	-		20	-	5		22	-	13	
ii. Buy-side analysts and fund managers	16	-	-		18	-	7		17	-	18	
i. Sell-side analysts (%)	100	-	-		80	-	20		63	-	37	
ii. Buy-side analysts and fund managers (%)	100	-	-		72	-	28		49	-	51	
9.2 Approximately how many organizations employing analysts receive information from your company by mail?												
i. Stockbrokers	-	-	-		-	-	-		-	-	-	
ii. Institutional investors	-	-	-		-	-	-		-	-	-	
9.3 What type of information is sent to analysts and / or fund managers?	**20**	**40**	**80**	**Σ**	**%**	**%**	**%**					
i. Annual report	16	25	35		100	100	100					
ii. Interim report	12	17	19		75	68	54					
iii. Quarterly reports	7	11	14		44	44	40					
iv. Copies of announcements sent to the company news service of the ASE / LSE / NYSE / NASDAQ	4	2	2		25	8	6					
v. Takeover documents	3	-	-		19	-	-					
vi. Company information brochures and other promotional literature	16	15	18		100	60	51					
vii. General press releases	2	2	2		12	8	6					
viii. Documents designed specifically for analysts	9	12	18		56	48	51					
ix. Annual report in English	16	15	14		100	60	40					
x. Interim report in English	12	9	11		75	36	31					
xi. Quarterly reports in English	7	4	6		44	16	17					

* 1) Yes, 2) No, 3) NA

Section 10: Proactive roadshows (visiting the fund managers)

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	40	80	Σ	%	%	%					
10.1 Do you implement a roadshow communication policy?												
i. Yes	16	13	14		100	52	40					
ii. No	-	11	18		-	44	51					
iii. NA	-	1	3		-	4	9					
10.2 Is it tactical, offering related or proactive?												
i. Offering roadshows	7	7	2		44	28	6					
ii. Relationship roadshows	12	5	5		75	20	14					
iii. Proactive roadshows	4	11	10		25	44	29					
iv. Combination	9	11	10		56	44	29					
v. Other	-	-	-		-	-	-					
10.3 If tactical roadshow? How many times per year and where?												
i. Once per year	2	3	2		12	12	6					
ii. Twice per year	8	2	2		50	8	6					
iii. More	2	-	1		12	-	3					
iv. Never	-	-	-		-	-	-					
iv. Other	-	-	-		-	-	-					
10.4 Who participates from your company?												
i. Chairman	4	3	2		25	12	6					
ii. CEO	10	5	4		63	20	11					
iii. CFO	12	5	5		75	20	14					
iv. IRO	10	5	5		63	20	14					
v. Other	-	-	-		-	-	-					
10.5 Who is organizing it?												
i. Global bank	5	1	1		31	4	3					
ii. Your global underwriter	4	-	-		25	-	-					
iii. Greek bank	3	4	4		19	16	11					
iv. Greek brokerage firm	3	5	5		19	20	14					
iv. Company itself	2	1	2		12	4	6					

10.6 Do you organize /implement "Analysts' Presentation" (both domestic in Athens and global in London) with the year-end results or the H1 results?												
i. London analyst presentation	5	2	4		31	8	11					
ii. Athens analyst presentation	16	20	24		100	80	69					
iii. Once per year	7	20	34		44	80	97					
iv. Twice per year	5	14	12		31	56	34					
v. Other	-	-	-		-	-	-					
10.7 Does the IR helps or plans or directs the focus of the roadshow in terms of Geography (London, Frankfurt, Milan, Paris, Boston, etc) and in terms of funds specialization (hedge funds, mutual funds, pension funds, etc)?												
i. Geography	8	6	9		50	24	26					
ii. Funds type (mutual, pension, etc)	2	3	5		12	12	14					
iii. Special industry funds	2	3	5		12	12	14					
iv. Special regional or country funds	6	9	12		38	36	34					
v. Other	-	-	-		-	-	-					
10.8 If proactive roadshow? How many times per year and where?												
i. Once per year	3	6	5		19	24	14					
ii. Twice per year	1	5	5		6	20	14					
iii. More	-	-	-		-	-	-					
iv. Never	-	-	-		-	-	-					
v. Other	-	-	-		-	-	-					
10.9 Who participates from the your company?												
i. Chairman	-	2	4		-	8	11					
ii. CEO	1	6	3		6	24	9					
iii. CFO	2	7	5		12	28	14					
iv. IRO	3	10	10		19	40	29					

10.10 Who is organizing it? (Logistics, selecting the targets, pre-marketing, etc)												
i. Global bank	1	1	-		6	4	-					
ii. Your global underwriter	1	-	-		6	-	-					
iii. Greek bank	1	4	3		6	16	9					
iv. Greek brokerage firm	1	6	7		6	24	20					
iv. Company itself	-	-	-		-	-	-					
v. Capital Link	-	-	-		-	-	-					
vi. Xrima	-	-	-		-	-	-					
10.11 Is part of the proactive roadshow the increase of analyst coverage?												
i. Exponentially	-	6	5		-	24	14					
ii. Moderately	-	3	4		-	12	11					
iii. No	2	-	-		12	-	-					
iv. Never valued	2	2	1		12	8	3					
iv. Other	-	-	-		-	-	-					

Section 11: Email data base management and distribution of information

Question	**FTSE/ASE**				**FTSE/ASE**				**FTSE/ASE**			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
11.1 Do you disclose info and news by email?												
i. Yes	16	25	33		100	100	94					
ii. No	-	-	-		-	-	-					
iii. NA	-	-	2		-	-	6					
11.2 Do you have an email database?												
i. Yes	14	21	33		88	84	94					
ii. No	-	-	-		-	-	-					
iii. NA	2	4	2		12	16	6					
11.3 Do you have a database for fax use?												
i. Yes	16	25	35		100	100	100					
ii. No	-	-	-		-	-	-					

iii. NA	-	-	-		-	-	-					
11.4 Is it complementary with the Fax system in place for distributing info?												
i. Yes	14	21	33		88	84	94					
ii. No	-	-	-		-	-	-					
iii. NA	2	4	2		12	16	6					
11.5 How often you use the email to answer questions from analysts, FMs, bankers, etc?												
i. Answer by email only	3	4	6		19	16	17					
ii. Answer 50% by email	14	16	20		88	64	57					
iii. Never use email to answer	-	-	-		-	-	-					
iv. We do not have email	-	-	-		-	-	-					
iv. Other	-	-	-		-	-	-					
11.6 How often you send press releases out via email?												
i. Very often	16	25	35		100	100	100					
ii. Often	-	-	-		-	-	-					
iii. Rarely	-	-	-		-	-	-					
iv. Never	-	-	-		-	-	-					
iv. Other	-	-	-		-	-	-					
11.7 Do you divide the email database?												
i. Yes	14	20	15		88	80	43					
ii. No	-	3	5		-	12	14					
iii. NA	2	2	5		12	8	14					
11.8 How? By geography? By Fund type? By group?												
i. By geography	12	10	9		75	40	26					
ii. By fund type	10	10	9		63	40	26					
iii. By group	10	10	9		63	40	26					
11. 9 Do you face email distribution problems?												
i. Yes	2	1	3		12	4	9					
ii. No	12	20	28		75	80	80					

iii. NA	-	-	-		-	-	-					

Section 12: Conference calls as a voluntary disclosure medium

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
12.1 Do you hold conference calls?												
i. Yes	8	6	4		50	24	11					
ii. No	2	15	18		12	60	51					
iii. NA												
12.2 Do you have conference calls with the quarterly results announcements (four times annually)?												
i. Yes	4	1	-		25	4	-					
ii. No	6	19	18		38	76	51					
iii. NA	6	5	17		38	20	49					
12.3 When else you have a conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough…?)												
i. Financial results	8	6	4		38	24	11					
ii. Change of management	3	2	1		19	8	3					
iii. Merger or buyout	2	1	1		12	4	3					
iv. Major breakthrough	1	1	1		6	4	3					
v. Other	-	-	-		-	-	-					
12.4 What is the average number of participants in your conference calls?												
i. More than 10	1	2	2		6	8	6					
ii. More than 20	3	3	2		19	12	6					
iii. More than 30	4	1	-		25	4	-					
iv. Other	-	-	-		-	-	-					
12.5 Do you organize /implement it or you get the help from a major bank?												
i. Outsourced	8	6	4		50	24	11					
ii. Bank	-	-	-		-	-	-					

iii. Company itself	-	-	-		-	-	-					
iv. Other	-	-	-		-	-	-					
12.6 Who participates at the conference call from the top management?												
ii. Chairman of the BoD	6	5	4		38	20	11					
iii. CEO	8	5	4		50	20	11					
iv. CFO	8	6	4		50	24	11					
v. IRO	8	6	4		50	24	11					
12.7 Do you invite your bankers, consultants, and other advisers to participate?												
i. Banker	8	6	4		50	24	11					
ii. IR consultant	2	-	-		12	-	-					
iii. Other	-	-	-		-	-	-					
12.8 Do you tape the call?												
i. Yes	8	6	4		50	24	11					
ii. No	-	-	-		-	-	-					
iii. NA	-	-	-		-	-	-					
12.9 Do you use a teleconference company from London or from Greece?												
i. London based	7	5	2		44	20	6					
ii. Athens based	1	1	2		6	4	6					
iii. Other	-	-	-		-	-	-					
12.10 Do you receive a list of participants, after the call?												
i. Yes	8	6	4		50	24	11					
ii. No	-	-	-		-	-	-					
iii. NA	-	-	-		-	-	-					

Section 13: Disclosure via internet sites

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
13.1 Do you have your own web site?												
i. Yes	16	25	35		100	100	100					

ii. No	-	-	-		-	-	-					
iii. NA	-	-	-		-	-	-					
13.2 How many requests you get from your site, (per month) concerning IR issues?												
i. >50	1	-	-		6	-	-					
ii. 20-50	9	6	8		56	24	23					
iii. 10-20	5	14	17		31	56	49					
iv. 0-10	1	5	10		6	20	29					
13.3 How many new names are coming from the wed site for your data base/mailing list?												
i. Many	6	5	7		38	20	20					
ii. Some	7	12	2		44	48	6					
iii. None	-	-	7		-	-	20					
iv. NA	3	8	19		19	32	54					
13.4 Are you linked with the sites of external consultants or others?												
i. Yes	7	12	9		44	48	26					
ii. No	4	6	9		25	24	26					
iii. NA	4	7	17		25	26	49					
13.5 How often you update your site?												
i. Continuously	16	25	35		100	100	100					
ii. Occasionally	-	-	-		-	-	-					
iii. Never	-	-	-		-	-	-					
13.6 Please, evaluate your site in terms of information effectiveness?												
i. Yes	7	15	19		44	60	54					
ii. No	3	5	7		19	20	20					
iii. NA	6	5	9		38	20	26					

Section 14: Controlled information

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	**40**	**80**	**Σ**	**%**	**%**	**%**					
14.1 Does your company prohibit or restrict communication with sell –												

side analysts, buy – side analysts and / or fund managers at certain times of the year?												
i. Yes	12	14	18		75	56	51					
ii. No	2	3	5		12	12	14					
iii. Other	2	8	12		12	32	34					
14.2 If you have answered ' yes ' to the above question please specify the times during the year when the communication is prohibited or restricted.												
i. Prior to the annual results announcement	12	14	18		75	56	51					
ii. Prior to the interim results announcement	12	14	18		75	56	51					
iii. Prior to the quarterly results announcement	12	14	18		75	56	51					
iv. Other	-	-	-		-	-	-					
14.3 Please specify the number of days for which communication is prohibited or restricted prior to the annual results announcement.												
i. Info not available	-	-	-		-	-	-					
ii. NA	-	-	-		-	-	-					
14.4 Please specify the number of days for which communication is prohibited or restricted prior to the interim results announcement.												
i. Info not available	-	-	-		-	-	-					
ii. NA	-	-	-		-	-	-					
14.5 Please specify the number of days for which communication is prohibited or restricted prior to the quarterly results announcement.												
i. Info not available	-	-	-		-	-	-					
ii. NA	-	-	-		-	-	-					
14.6 If your company operates a policy of restriction of communication rather than complete prohibition please describe the nature of the restriction.	-	-	-		-	-	-					

Section 15: Opinions on your company's relationship with analysts

Question	FTSE/ASE				FTSE/ASE				FTSE/ASE			
	20	40	80	Σ	%	%	%					
15.1 How would you rate the general quality of analysts' reports, from all												

sources, that are made on your company?												
i. Very poor	-	2	1		-	8	3					
ii. Poor	2	4	8		12	16	23					
iii. Acceptable	6	6	10		38	24	29					
iv. Good	6	9	10		38	36	29					
v. Very good	2	4	6		12	16	17					
	20	**20**	**20**	**20**	**40**	**40**	**40**	**40**	**80**	**80**	**80**	**80**
15.2 How would you compare the quality of analysts carried out by sell – side / brokers' with buy – side analysts working for institutional investors?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***
i. Sell-side analysts	3	4	6	3	5	8	8	4	7	9	12	7
ii. Other	-	-	-	-	-	-	-	-	-	-	-	-
i. Sell-side analysts	19	25	37	19	20	32	32	16	20	26	34	20
ii. Other	-	-	-	-	-	-	-	-	-	-	-	-
15.3 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with sell – side / brokers' analysts.	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****
i. Company meetings with sell – side analysts are a valuable means of communication	-	-	2	14	-	-	4	21	-	-	4	31
ii. Company telephone conversations with sell – side analysts are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	2	33
iii. My company would prefer not to hold sell – side analysts' meetings	16	-	-	-	25	-	-	-	35	-	-	-
iv. My company would prefer not to talk sell – side analysts' on the telephone	16	-	-	-	25	-	-	-	35	-	-	-
v. My company should not provide sell – side analysts with guidance as to the accuracy of their profits forecasts	16	-	-	-	25	-	-	-	35	-	-	-
vi. Sell – side analysts pressurize my company for information	16	-	-	-	25	-	-	-	35	-	-	-
vii. Sell – side analysts are too concerned with short term profit	14	2	-	-	20	5	-	-	33	2	-	-
viii. Sell – side analysts are not sufficiently interested in the long term	14	2	-	-	20	5	-	-	33	2	-	-

prospects of my company												
i. Company meetings with sell – side analysts are a valuable means of communication (%)	-	-	12	88	-	-	16	84	-	-	11	89
ii. Company telephone conversations with sell – side analysts are a valuable means of communication (%)	-	-	-	100	-	-	-	100	-	-	6	94
iii. My company would prefer not to hold sell – side analysts' meetings	100	-	-	-	100	-	-	-	100	-	-	-
iv. My company would prefer not to talk sell – side analysts' on the telephone (%)	100	-	-	-	100	-	-	-	100	-	-	-
v. My company should not provide sell – side analysts with guidance as to the accuracy of their profits forecasts (%)	100	-	-	-	100	-	-	-	100	-	-	-
vi. Sell – side analysts pressurize my company for information (%)	100	-	-	-	100	-	-	-	100	-	-	-
vii. Sell – side analysts are too concerned with short term profit opportunities (%)	88	12	-	-	100	-	-	-	94	6	-	-
viii. Sell – side analysts are not sufficiently interested in the long term prospects of my company (%)	88	12	-	-	100	-	-	-	94	6	-	-
15.4 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with buy – side analysts and fund managers working for institutional investors	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****
i. Company meetings with buy – side analysts and fund managers are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	-	35
ii. Company telephone conversations with buy – side and buy side analysts are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	-	35
iii. My company would prefer not to hold buy – side and fund managers analysts' meetings	16	-	-	-	25	-	-	-	35	-	-	-
iv. My company would prefer not to talk buy – side analysts' and fund managers on the telephone	16	-	-	-	25	-	-	-	35	-	-	-
v. My company should not provide buy – side analysts and fund managers with guidance as to the accuracy of their profits forecasts	16	-	-	-	25	-	-	-	35	-	-	-
vi. Buy – side analysts and fund managers pressurize my company for	16	-	-	-	25	-	-	-	35	-	-	-

information												
vii. Buy – side analysts and fund managers are too concerned with short term profit opportunities	16	-	-	-	25	-	-	-	35	-	-	-
viii. Buy – side analysts and fund managers are not sufficiently interested in the long term prospects of my company	16	-	-	-	25	-	-	-	35	-	-	-
i. Company meetings with buy – side analysts and fund managers are a valuable means of communication (%)	-	-	-	100	-	-	-	100	-	-	-	100
ii. Company telephone conversations with buy – side and buy side analysts are a valuable means of communication (%)	-	-	-	100	-	-	-	100	-	-	-	100
iii. My company would prefer not to hold buy – side and fund managers analysts' meetings (%)	100	-	-	-	100	-	-	-	100	-	-	-
iv. My company would prefer not to talk buy – side analysts' and fund managers on the telephone (%)	100	-	-	-	100	-	-	-	100	-	-	-
v. My company should not provide buy – side analysts and fund managers with guidance as to the accuracy of their profits forecasts (%)	100	-	-	-	100	-	-	-	100	-	-	-
vi. Buy – side analysts and fund managers pressurize my company for information (%)	100	-	-	-	100	-	-	-	100	-	-	-
vii. Buy – side analysts and fund managers are too concerned with short term profit opportunities (%)	100	-	-	-	100	-	-	-	100	-	-	-
viii. Buy – side analysts and fund managers are not sufficiently interested in the long term prospects of my company (%)	100	-	-	-	100	-	-	-	100	-	-	-
15.5 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with traders and sales people.	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****
i. Company meetings with traders are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	-	35
ii. Company telephone conversations with traders are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	-	35
iii. My company would prefer not to hold meetings with traders	16	-	-	-	25	-	-	-	35	-	-	-

iv. My company would prefer not to talk to traders on the telephone	16	-	-	-	25	-	-	-	35	-	-	-
v. My company should not provide traders with guidance as to the accuracy of their profits forecasts	16	-	-	-	25	-	-	-	35	-	-	-
vi. Traders and sales people pressurize my company for information	16	-	-	-	25	-	-	-	35	-	-	-
vii. Traders and sales people are too concerned with short term profit opportunities	16	-	-	-	25	-	-	-	35	-	-	-
viii. Traders and sales people are not sufficiently interested in the long term prospects of my company	16	-	-	-	25	-	-	-	35	-	-	-
i. Company meetings with traders are a valuable means of communication (%)	-	-	-	100	-	-	-	100	-	-	-	100
ii. Company telephone conversations with traders are a valuable means of communication (%)	-	-	-	100	-	-	-	100	-	-	-	100
iii. My company would prefer not to hold meetings with traders (%)	100	-	-	-	100	-	-	-	100	-	-	-
iv. My company would prefer not to talk to traders on the telephone (%)	100	-	-	-	100	-	-	-	100	-	-	-
v. My company should not provide traders with guidance as to the accuracy of their profits forecasts (%)	100	-	-	-	100	-	-	-	100	-	-	-
vi. Traders and sales people pressurize my company for information	100	-	-	-	100	-	-	-	100	-	-	-
vii. Traders and sales people are too concerned with short term profit opportunities(%)	100	-	-	-	100	-	-	-	100	-	-	-
viii. Traders and sales people are not sufficiently interested in the long term prospects of my company (%)	100	-	-	-	100	-	-	-	100	-	-	-
15.6 Please indicate the extent of your agreement with the following statements as they apply to your company and its relationship with media people.	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****
i. Company meetings with media are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	-	35
ii. Company telephone conversations with media people are a valuable means of communication	-	-	-	16	-	-	-	25	-	-	-	35
iii. My company would prefer not to hold meetings with media	16	-	-	-	25	-	-	-	35	-	-	-
iv. My company would prefer not to talk to media people on the telephone	16	-	-	-	25	-	-	-	35	-	-	-

v. My company should not provide media with guidance as to the accuracy of their profits forecasts	16	-	-	-	25	-	-	-	35	-	-	-
vi. Media people pressurize my company for information	16	-	-	-	25	-	-	-	35	-	-	-
vii. Media people are too concerned with short term profit opportunities	16	-	-	-	25	-	-	-	35	-	-	-
viii. Media people are not sufficiently interested in the long term prospects of my company	16	-	-	-	25	-	-	-	35	-	-	-
i. Company meetings with media are a valuable means of communication	-	-	-	100	-	-	-	100	-	-	-	100
ii. Company telephone conversations with media people are a valuable means of communication (%)	-	-	-	100	-	-	-	100	-	-	-	100
iii. My company would prefer not to hold meetings with media (%)	100	-	-	-	100	-	-	-	100	-	-	-
iv. My company would prefer not to talk to media people on the telephone	100	-	-	-	100	-	-	-	100	-	-	-
v. My company should not provide media with guidance as to the accuracy of their profits forecasts (%)	100	-	-	-	100	-	-	-	100	-	-	-
vi. Media people pressurize my company for information (%)	100	-	-	-	100	-	-	-	100	-	-	-
vii. Media people are too concerned with short term profit opportunities	100	-	-	-	100	-	-	-	100	-	-	-
viii. Media people are not sufficiently interested in the long term prospects of my company (%)	100	-	-	-	100	-	-	-	100	-	-	-
15.7 If you have any opinions or ideas as to how company communications with sell – side / brokers' analysts, buy – side analysts and fund managers should be conducted in the future please can you state these below.	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****	**1****	**2****	**3****	**4****

* 1) Better, 2) Equal Value , 3) Worse, 4) NA

** 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Appendix VI: Data Analysis - Fianncial Analysts

Section 1.0: Organisation of the IR function

Questions	Local CFAs				London CFAs							

1.1 Please state the number of executives in your company												
i. Analysts	5				250							
ii. Support staff	3				100							
1.2 Please specify if you communicate with the top management of the listed companies?												
i. Yes	34	100			10	100						
1.3 With whom of the top management you have rapport frequently?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Chairman	2	3	15	15	-	-	3	7				
ii. CEO	-	1	18	15	-	-	-	10				
iii. CFO	-	-	9	25	-	-	-	10				
iv. IRO	-	-	2	32	-	-	-	10				
v. IR analyst	-	-	10	24	-	-	1	9				
i. Chairman (%)	6	9	44	44	-	-	30	70				
ii. CEO (%)	-	3	53	44	-	-	-	100				
iii. CFO (%)	-	-	27	73	-	-	-	100				
iv. IRO (%)	-	-	6	94	-	-	-	100				
v. IR analyst (%)	-	-	29	71	-	-	10	90				
1.4 Please specify if you know the IRO, in person? (Yes)	34	100			10	100						
1.5 Please specify for what issues you talk to the IRO?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Strategy	3	3	10	18	-	-	-	10				
ii. Financials	1	2	3	29	-	-	-	10				
i. Strategy (%)	9	9	29	53	-	-	-	100				
ii. Financials (%)	3	6	9	85	-	-	-	100				
1.6 How many days per year you or your associates talk with the IR office, of the targeted listed firms?												
i. 50 days per year	14	41			-	-						
ii. 30 days per year (%)	18	53			4	40						
iii. 10 days per year (%)	2	6			6	60						

iv. Other	-				-							
1.7 Does the IR office serve you well?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Yes (with IRO)	-	-	10	19	-	-	2	7				
ii. Yes (without IRO)	-	-	5	17	-	-	-	1				
iii. No	-	-	-	-	-	-	-	-				
i. Yes (with IRO) (%)	-	-	29	56	-	-	20	70				
ii. Yes (without IRO) (%)	-	-	15	50	-	-	-	10				
iii. No (%)	-	-	-	-	-	-	-	-				
1.8 How quickly the IR respond to your inquires?												
i. Within 24 hours (%)	12	35			6	60						
ii. Within 3 days (%)	10	29			2	20						
iii. Within a week (%)	7	21			2	20						
iv. Later (%)	5	15			-							
v. Never (%)	-				-							
1.9 What kind of relationship exists?												
i. Personal (%)	28	82			8	80						
ii. Telephone (%)	30	88			9	90						
iiii. Email (%)	32	94			10	100						
iv. Mail (%)	18	53			7	70						
v. Nothing (%)	-	-			-							
vi. Other (%)	-	-			-							
1.10 Do you communicate with other company departments (i.e. the shareholder registry, accounting, etc)?												
i. Yes (%)	16	47			1	10						
ii. No (%)	16	47			9	90						
iii. NA (%)	2	6			-							
1.11 Does the office for the retail shareholders (Metoxologio) compliment the IR function?												
i. Yes (%)	4	12			-	-						

ii. No (%)	27	79			9	90						
iii. NA (%)	4	12			1	10						
1.12 Please indicate on average the number of staff working for the investor relations												
i. One (%)	2	6			-	-						
ii. Two (%)	2	6			1	10						
iiii. Three (%)	10	29			3	30						
iv. More than 3 (%)	12	35			5	50						
v. Not Known (%)	8	24			1	10						
vi. Other (%)	-	-			-	-						
1.13 Is this staff dedicated to investor relations / finance public relations work or do they perform other duties?												
i. Yes (%)	24	70			7	70						
ii. No (%)	6	18			2	20						
iii. NA (%)	4	12			1	10						
1.14 What constitutes a good and effective IR office?	-	-			-	-						

1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 2.0: International IR aspects and consultation

Question	**Local CFAs**				**London CFAs**							
2.1 Do you know if your targeted companies currently employ the services of an external investor relations or financial public relations consultant?												
i. Yes	8	24			2	20						
ii. No	18	53			7	70						
2.2 Any company currently employ the services of other related to the IR professionals (such as Financial Information Services [Carson group, Technimetrics, etc], Web sites specialists, Annual report distribution agencies, etc)												
i. Yes	8	24			2	20						

ii. No	18	53			7	70						
2.3 Are your targeted dual listed companies?												
i. Yes	1	3			-	-						
ii. No	28	82			8	80						
iii. NA	5	15			2	20						
2.4 And on what exchanges?												
i. NYSE / NASDAQ / LSE / FRANKFURT	-	-			-	-						
ii. NA	-	-			-	-						
2.5 How the dual listing of the stock has influenced the IR function and its activities?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
	6	8	10	10	1	2	3	4				
%	18	24	29	29	10	20	30	40				
2.6 Do you observe any difference between listed at the ASE and dual listed companies?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
	2	8	10	14	-	-	2	8				
%	6	24	29	41	-	-	20	80				

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 3.0: Substitution effects for the IR function

Question	**Local CFAs**				**London CFAs**							
	1*	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
3.1 How the analysts and the traders or sales people of the domestic securities firms have replaced and/or duplicated the IR function of targeted companies?	10	14	8	2	3	3	3	1				
%	29	41	24	6	30	30	30	10				
3.2 Do you read / follow regularly the daily's by the brokerage houses?	1	12	12	9	2	4	3	1				
%	3	35	35	27	20	40	30	10				
3.3 Do the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for the listed companies?	8	18	4	4	2	5	3	-				

%	23	53	12	12	20	50	30	-				
3.4 Similarly, DO the reports in the Greek newspapers (daily or weekly) substitute the official announcements for the listed companies?	14	14	6	-	4	5	1	-				
%	41	41	18	-	40	50	10	-				
3.5 Do you read the formal "investor releases" released by the IR offices?												
i. Yes	34	100			10	100						
ii. No	-	-			-	-						
iii. Often	-	-			-	-						
3.6 Do you prefer to talk directly and/or officially with the listed firms?												
i. 25%	-	-			-	-						
ii. 50%	-	-			-	-						
iii. 100%	34	100			10	100						
3.7 Do you prefer that the firm to have designated an Official Spokesperson to the investors, analysts, newspapers, media, etc?												
i. Yes	34	100			10	100						
ii. No	-	-			-	-						
iii. To whom	-	-			-	-						
3.8 If yes. Is this person the IRO?												
i. Yes	34	100			10	100						
ii. No	-	-			-	-						
3.9 How the sell-side analysts out of London of the big international investment banks and their sales people fill-in or duplicate the IR job for the listed company?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
	32	2	-	-	10	-	-	-				
%	94	6	-	-	100	-	-	-				
3.10 Is there any cost and benefit for it, if that happens?												
No Comments.	-	-	-	-	-	-	-	-				

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 4.0: Macro aspects of the IR function

Question	Local CFAs				London CFAs							
	1*	2*	3*	4*	1*	2*	3*	4*				
4.1 Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?	-	2	18	14	-	-	6	4				
%	-	6	53	41	-	-	60	40				
4.2 Can you see any influence or mandatory convergence to the European Corporate Governance?	-	-	-	34	-	-	-	10				
%	-	-	-	100	-	-	-	100				
4.3 Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?	-	-	4	30	-	-	-	10				
%	-	-	12	88	-	-	-	100				
4.4 Is there any learning IR experience (curve) in Greece?	-	-	-	34	-	-	-	10				
%	-	-	-	100	-	-	-	100				
4.5 Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?	-	-	-	34	-	-	-	10				
%	-	-	-	100	-	-	-	100				

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 5.0: Executing the IR programme

Question	Local CFAs				London CFAs							
	1*	2*	3*	4*	1*	2*	3*	4*				
5.1 Please can you indicate the means by which you communicate with the listed targeted firms and the importance of the different means of communications?												
i. By group presentations	4	10	12	8	-	3	6	1				
ii. By private meetings (one-on-one)	-	-	-	34	-	-	-	10				

iii. By telephone queries	-	-	4	30	-	-	-	10				
iv. By the sell-side analysts' reports	10	18	6	-	-	8	2	-				
v. By mailing information	-	14	19	1	-	8	2	-				
vi. By visiting the companies	-	2	22	10	-	-	3	7				
vii. By increasing analysts coverage	-	12	18	4	-	2	8	-				
viii. By email	-	-	2	32	-	-	-	10				
vi. By holding conference calls	-	4	19	11	-	-	-	10				
vii. Via the internet	-	8	18	8	-	-	2	8				
viii. Other	-	-	-	-	-	-	-	-				
i. By group presentations (%)	12	29	35	24	-	30	60	10				
ii. By private meetings (one-on-one) (%)	-	-	-	100	-	-	-	100				
iii. By telephone queries (%)	-	-	12	88	-	-	-	100				
iv. By the sell-side analysts' reports (%)	29	53	18	-	-	80	20	-				
v. By mailing information (%)	-	41	56	3	-	80	20	-				
vi. By visiting the companies (%)	-	6	65	29	-	-	30	70				
vii. By increasing analysts coverage (%)	-	35	53	12	-	20	80	-				
viii. By email (%)	-	-	6	94	-	-	-	100				
vi. By holding conference calls (%)	-	12	56	32	-	-	-	100				
vii. Via the internet (%)	-	23	53	24	-	-	2	8				
viii. Other (%)	-	-	-	-	-	-	-	-				

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Section 6.0: Company meetings with analysts and fund managers

Question	Local CFAs				London CFAs							
6.1 Do you participate to group presentations?												
i. Yes	32	94			10	100						
ii. No	2	6			-	-						
6.2 Which company officials represent the company at some or all of these meetings?												
i. Director of research	18	53			4	40						

ii. Industry research analyst	26	77			10	100						
iii. Country research analyst	-	-			7	70						
iv. Team of people	6	18			3	30						
v. Other	-	-			-	-						
6.3 Do you participate to one-on-one meetings-presentations?												
i. Yes	34	100			10	100						
ii. No	-	-			-	-						
6.4 Which company officials represent the company at some or all of these private meetings?												
i. Director of research	26	77			8	80						
ii. Industry research analyst	34	100			10	100						
iii. Country research analyst	-	-			10	100						
iv. Team of people	15	44			4	40						
v. Other	-	-			-	-						
6.5 Does the company keep a record of the proceedings of these meetings?												
i. General group meetings	34	100			10	100						
ii. One on one meetings	34	100			10	100						
6.6 How many of these meetings did your company hold in the past twelve months? (On average)												
i. General group meetings	80				45							
ii. One on one meetings	120				85							
6.7 Approximately how many officials are invited to these meetings?												
i. General group meetings	5				3							
ii. One on one meetings	5				3							
6.8 Do you set up the meetings or the listed company?												
i. Fund	-	-			-	-						
ii. Your research department	14	41			4	40						
iii. Top management	10	29			2	20						
iv. IRO	18	53			6	60						

v. Other	8	24			4	40						
6.9 Can you provide an estimate of the number of individuals who have attended at last one of group meetings (special or general) in the past 12 months?												
i. General group meetings	3	9			2	20						
ii. One on one meetings	2	6			1	10						
6.10 Do you go to group presentations, organized by the brokerage firms?												
i. Always	26	77			8	80						
ii. Often	22	65			9	90						
iii. Never	-	-			-	-						
6.11 Do you go to group presentations, organized by the listed companies themselves?												
i. Always	26	77			8	80						
ii. Often	22	65			9	90						
iii. Never	-	-			-	-						
iv. Other	-	-			-	-						
6.12 Please indicate the types of information that the listed companies provide to delegates at these meetings (special or general).	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Explanation of recent results in the context of the general economic environment	-	18	14	2	-	4	4	2				
ii. Explanation of accounting policies	-	18	14	2	-	4	4	2				
iii. Additional breakdown of published figures by line of business	-	-	18	16	-	-	6	4				
iv. Additional breakdown of published figures by geographical area	-	-	18	16	-	-	6	4				
v. Performance of recent acquisitions	-	8	18	8	-	8	2	-				
vi. Outcome of completed research and development projects	-	15	15	4	2	6	2	-				
vii. Explanation of structure of balance sheet and gearing	-	-	4	30	-	-	1	9				
viii. Other	-	-	-	-	-	-	-	-				
<u>Future prospects</u> (Subject, if necessary, to prior announcement to the ASE, LSE, NYSE, etc)												

ix. First announcement of major new projects and developments	-	-	26	8	-	-	6	4				
x. Further explanation of major new projects and developments that have already been announced	-	18	16	-	-	2	5	3				
xi. First announcement of new products	-	24	10	-	-	6	4	-				
xii. Further explanation of new products that have already been announced	-	32	2	-	-	8	2	-				
xiii. First announcement of new contracts	-	32	2	-	-	8	2	-				
xiv. Further explanation of new contracts that have already been announced	-	32	2	-	-	8	2	-				
xv. Current state of order book	-	16	18	-	-	5	2	3				
xvi. Prospects of current research and development projects	-	22	8	4	-	5	5	-				
xvii. First announcement of new research and development projects	-	22	8	4	-	5	5	-				
xviii. Further explanation of new research and development projects that have already been announced	-	22	8	4	-	5	5	-				
xix. First announcement of profits forecast	-	-	-	34	-	-	-	10				
xx. Further explanation of profits forecast that has already been made	-	-	-	34	-	-	-	10				
xxi. Company strategy in the short term	-	-	6	28	-	-	-	10				
xxii. Company strategy in the long term	-	-	6	28	-	-	-	10				
xxiii. Company strategy for particular segments of the business	-	-	4	30	-	-	-	10				
xxiv. Company strategy on future acquisitions	-	-	4	30	-	-	-	10				
xxv. Company strategy on future disposals of segments of the business	-	-	18	16	-	-	5	5				
xxvi. Long term investment plans	-	-	18	16	-	-	3	7				
xxvii. Cash flow situation	-	-	6	28	-	-	-	10				
xxviii. Dividend policy	-	-	6	28	-	-	-	10				
xxix. Other	-	-	-	-	-	-	-	-				
i. Explanation of recent results in the context of the general economic environment (%)	-	53	41	6	-	40	40	20				
ii. Explanation of accounting policies (%)	-	53	41	6	-	40	40	20				
iii. Additional breakdown of published figures by line of business (%)	-	-	53	47	-	-	60	40				

iv. Additional breakdown of published figures by geographical area	-	-	53	47	-	-	60	40				
v. Performance of recent acquisitions (%)	-	23	53	24	-	80	20	-				
vi. Outcome of completed research and development projects (%)	-	44	44	12	20	60	20	-				
vii. Explanation of structure of balance sheet and gearing (%)	-	-	12	88	-	-	10	90				
viii. Other (%)	-	-	-	-	-	-	-	-				
<u>Future prospects</u> (Subject, if necessary, to prior announcement to the ASE, LSE, NYSE, etc) (%)												
ix. First announcement of major new projects and developments (%)	-	-	77	23	-	-	60	40				
x. Further explanation of major new projects and developments that have already been announced (%)	-	53	47	-	-	20	50	30				
xi. First announcement of new products (%)	-	71	29	-	-	60	40	-				
xii. Further explanation of new products that have already been announced (%)	-	94	6	-	-	80	20	-				
xiii. First announcement of new contracts (%)	-	94	6	-	-	80	20	-				
xiv. Further explanation of new contracts that have already been announced (%)	-	94	6	-	-	80	20	-				
xv. Current state of order book (%)	-	47	53	-	-	50	20	30				
xvi. Prospects of current research and development projects (%)	-	65	23	12	-	50	50	-				
xvii. First announcement of new research and development projects (%)	-	65	23	12	-	50	50	-				
xviii. Further explanation of new research and development projects that have already been announced (%)	-	65	23	12	-	50	50	-				
xix. First announcement of profits forecast (%)	-	-	-	100	-	-	-	100				
xx. Further explanation of profits forecast that has already been made	-	-	-	100	-	-	-	100				
xxi. Company strategy in the short term (%)	-	-	18	82	-	-	-	100				
xxii. Company strategy in the long term (%)	-	-	18	82	-	-	-	100				
xxiii. Company strategy for particular segments of the business (%)	-	-	12	88	-	-	-	100				
xxiv. Company strategy on future acquisitions (%)	-	-	12	88	-	-	-	100				
xxv. Company strategy on future disposals of segments of the business	-	-	53	47	-	-	50	50				

xxvi. Long term investment plans (%)	-	-	53	47		-	30	70				
xxvii. Cash flow situation (%)	-	-	18	82	-	-	-	100				
xxviii. Dividend policy (%)	-	-	18	82	-	-	-	100				
xxix. Other (%)	-	-	-	-	-	-	-	-				

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Section 7: Telephone conversation

Question	Local CFAs				London CFAs							
7.1 Does your company engage in telephone conversation with targeted listed companies?												
i. Often	34	100			10	100						
ii. Never	-	-			-	-						
7.2 Please indicate the company personnel who answer telephone enquiries (Where officials perform a dual role please link with a bracket.)												
i. Chairman –Non executive	8	24			2	20						
ii. CEO	26	77			6	60						
iii. CFO	32	94			9	90						
iv. IRO	33	97			10	100						
v. Company secretary	-	-			-	-						
vi. Chief accountant	10	29			2	20						
vii. Marketing director	8	24			1	10						
viii. Head of public relations	4	12			-	-						
ix. External financial public relations consultant	-	-			-	-						
x. Other	-	-			-	-						
7.3 Do you keep a record of these telephone conversations?												
i. A tape recording is made	4	12			-	-						
ii. A written record is made	23	68			10	100						
iii. No record is made	7	21			-	-						
7.4 Do you believe that the info provided useful and value added to your evaluation of the listed firms?												

i. Useful	25	74			8	80						
ii. Partially useful	9	26			2	20						
iii. Useless	-	-			-	-						
iv. Other	-	-			-	-						

Section 8: Company feedback on sell-side analysts' reports

Question	Local CFAs				London CFAs							
8.1 Do you utilize an industry specific analyst? (On average)	16	47			10	100						
8.2 How many firms you cover each year?	50				15							
8.3 Before you evaluate a stock, do you consult with your trader and/or the corporate finance department?												
i. Never	20	59			10	100						
ii. A little	2	6			6	60						
iii. A lot	15	44			2	20						
8.4 Before you evaluate a stock, do you consult with other sell-side analysts' reports?												
i. Never	9	26			1	10						
ii. A little	7	21			8	80						
iii. A lot	18	53			1	10						
8.5 Before you issue the analysis report, how many times you meet with the top management of the targeted firms?												
i. Chairman of the BoD	1	-			1	-						
ii. CEO	2	-			1	-						
iii. CFO	3	-			1	-						
iv. IRO	4	-			1	-						
v. Accounting	-	-			-	-						
vi. COO	1	-			-	-						
8.6 Do you visit the premises/headquarters of the targeted company?												
i. Often	30	88			10	100						
ii. Sometimes	4	12			-	-						

iii. Never	-	-			-	-						
8.7 How many times you visit the company before or after the report?												
i. Once	8	24			2	20						
ii. More x	28	82			8	80						
iii. Never	-	-			-	-						

Section 9: Mailing information

Question	Local CFAs				London CFAs							
9.1 Do you receive mail information from the listed companies?												
i. Often	34	100			10	100						
ii. Sometimes	-	-			-	-						
iii. Never	-	-			-	-						
9.2 What type of information do you receive?												
i. Annual report	34	100			10	100						
ii. Interim report	34	100			10	100						
iii. Quarterly reports	34	100			10	100						
iv. Copies of announcements sent to the company news service of the ASE / LSE / NYSE / NASDAQ	34	100			10	100						
v. Takeover documents	-	-			-	-						
vi. Company information brochures and other promotional literature	24	71			10	100						
vii. General press releases	34	100			10	100						
viii. Documents designed specifically for analysts	34	100			10	100						
ix. Other	-	-			-	-						
x. Information not available	-	-			-	-						

Section 10: Proactive roadshows (visiting the fund managers)

Question	Local CFAs				London CFAs							
10.1 Do you use /prefer a roadshow communication policy?	34	100			10	100						
10.2 Is it tactical, offering related or proactive?												

i. Offering roadshows	14	41			10	100						
ii. Relationship roadshows	34	100			10	100						
iii. Proactive roadshows	28	82			10	100						
iv. Combination	30	88			10	100						
v. Other	-	-			-	-						
10.3 How many times per year listed companies visit you? (per company)												
i. Once per year	26	77			5	50						
ii. Twice per year	14	41			4	40						
iii. More	12	35			1	10						
iv. Never	18	53			3	30						
iv. Other	-	-			-	-						
10.4 Who participates from the listed company?												
i. Chairman	-	-			-	-						
ii. CEO	8	24			3	30						
iii. CFO	18	53			5	50						
iv. IRO	25	74			7	70						
v. Other	-	-			-	-						
10.5 Who is organizing it?												
i. IRO of the listed company	21	62			3	30						
ii. Other top manager of the listed company	-	-			-	-						
iii. Your department (Analysis)	15	44			4	40						
iv. Other brokerage firm	15	44			2	20						
iv. Other	-	-			-	-						
10.6 Does your department or your brokerage house organize Offering roadshows, targeting Greek clients?												
i. Analysis department	12	35			3	30						
ii. Sales People and Brokers	10	29			5	50						
iii. Both	10	29			4	40						
iv. In cooperation with the IRO of the listed company	10	29			4	40						
v. In cooperation with an external (ie IR) consultant	3	9			2	20						

vi. In cooperation with other market players	3	9			2	20						
vii. In cooperation with a global Bank	4	12			4	40						
viii. Other	-	-			-	-						
10.7 Does your department or your brokerage house organize Relatioship roadshows, targeting Greek clients?												
i. Analysis department	14	41			6	60						
ii. Sales People and Brokers	15	44			8	80						
iii. Both	10	29			5	50						
iv. In cooperation with the IRO of the listed company	7	21			5	50						
v. In cooperation with an external (ie IR) consultant	3	9			3	30						
vi. In cooperation with other market players	2	6			3	30						
vii. In cooperation with a global Bank	6	18			5	50						
viii. Other	-	-			-	-						
10.8 Does your department or your brokerage house organize Proactive roadshows, targeting Greek clients?												
i. Analysis department	6	18			5	50						
ii. Sales People and Brokers	8	24			5	50						
iii. Both	6	18			5	50						
iv. In cooperation with the IRO of the listed company	8	24			5	50						
v. In cooperation with an external (ie IR) consultant	2	6			1	10						
vi. In cooperation with other market players	4	12			1	10						
vii. In cooperation with a global Bank	4	12			3	30						
viii. Other	-	-			-	-						
10.9 Does the IR helps or plans or directs the focus of the roadshows?												
i. Always	4	12			1	10						
ii. Sometimes	9	27			6	60						
iii. Never	-	-			-	-						
iv. Do not Know	-	-			-	-						

10.10 Do roadshows help you comprehend better the listed companies?												
i. Exponentially	24	71			8	80						
ii. Moderately	10	41			2	20						
iii. No	-	-			-	-						
iv. Never valued	-	-			-	-						
iv. Other	-	-			-	-						
10.11 What do you think of the roadshows done by the Greek companies?												
i. Satisfied	2	6			-	-						
ii. Not Satisfied	32	94			10	100						
10.12 Do you believe that these roadshows are effective, in terms of liquidity and performance?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
	-	-	1	33	-	-	-	10				
(%)	-	-	3	97	-	-	-	100				
10.13 Do you organize roadshows in Greece for global stocks?												
i. Yes	4	12			9	90						
ii. No	18	53			-	-						
iii. NA	12	35			1	10						

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 11: Email data base management and distribution of information

Question	**Local CFAs**				**London CFAs**							
11.1 Do you use the email for info?	34	100			10	100						
11.2 Do you use the fax for info?	34	100			10	100						
11.3 Is the email complementary with the Fax system for gathering info?	25	74			7	70						
11.4 How often you receive press releases via email?												
i. Continuously	30	88			10	100						
ii. Often	4	12			-	-						
iii. Never	-	-			-	-						

Section 12: Conference calls as a voluntary disclosure medium

Question	Local CFAs				London CFAs							
12.1 Do you participate in the conference calls by the listed companies?	19	56			10	100						
12.2 Do you participate in conference calls with the quarterly results announcements (four times annually)?	19	56			10	100						
12.3 When else you participate in conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough…?)	19	56			10	100						
12.4 What is the average number of participants in the conference calls?												
i. More than 10	-	-			-	-						
ii. More than 20	22	65			10	100						
iii. More than 30	12	35			-	-						
iv. Other	-	-			-	-						
12.5 Who participates in the conference call from your company?												
i. Director of research	16	47			2	20						
ii. Industry research analyst	24	71			10	100						
iii. Country research analyst	-	-			5	50						
iv. Team of people	15	44			5	50						
v. Other	-	-			-	-						

Section 13: Disclosure via internet sites

Question	Local CFAs				London CFAs							
13.1 Do you use the targeted listed companies' web site?	34	100			10	100						
13.2 Do you believe their web site is sufficient and user friendly?	18	53			6	60						
13.3 Please, evaluate the web sites in terms of information effectiveness?												
13.4 Please, could you recommend any improvements?												

Appendix VII: Data Analysis – Fund Managers

Section 1.0: Organisation of the IR function

Questions	Local FMs				London FMs							
1.1 Please state the number of executives in your company (on average)	11				95							
1.2 Please specify if you communicate with the top management of the listed companies?												
i. Yes	22	85			18	100						
ii. No	-	-			-	-						
iii. NA	4	15			-	-						
1.3 With whom of the top management you have rapport frequently?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Chairman of the BoD	-	-	-	13	-	-	-	6				
ii. CEO	-	-	-	20	-	-	-	8				
iii. CFO	-	-	-	23	-	-	-	8				
iv. IRO	-	-	-	26	-	-	-	8				
i. Chairman of the BoD (%)	-	-	-	50	-	-	-	33				
ii. CEO (%)	-	-	-	77	-	-	-	44				
iii. CFO (%)	-	-	-	88	-	-	-	44				
iv. IRO (%)	-	-	-	100	-	-	-	44				
1.4 Please specify if you know the IRO, in person?												
i. Yes	18	69			18	100						
ii. No	3	12			-	-						
iii. NA	5	19			-	-						
1.5 Please specify for what issues you talk to the IRO?	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Strategy issues	-	-	-	23	-	-	-	7				
ii. Financials	-	-	-	24	-	-	-	8				
iii. Other	-	-	-	9	-	-	-	2				
i. Strategy issues (%)	-	-	-	88	-	-	-	39				
ii. Financials (%)	-	-	-	92	-	-	-	44				
iii. Other (%)	-	-	-	35	-	-	-	11				
1.6 How many days per year you or your associates talk with the IR office, of the targeted listed firms?												

i. 50 days per year	8	31			-	-						
ii. 30 days per year	12	46			6	33						
iii. 10 days per year	6	23			12	67						
iv. Other	-	-			-	-						
1.7 Does the IR office service you well?												
i. Yes (with an IRO)	16	62			16	89						
ii. Yes (without an IRO)	6	23			2	11						
iii. No	-	-			-	-						
1.8 How quickly the IR respond to your inquires?												
i. Within 3 days	16	62			16	89						
ii. Within a week	8	31			2	11						
iii. Later	2	8			-	-						
iv. Never	-	-			-	-						
1.9 What kind of relationship exists?												
i. Personal	12	46			14	78						
ii. Telephone	18	69			18	100						
iii. Email	26	100			18	100						
iv. Mail	24	92			18	100						
v. Nothing	-	-			-	-						
vi. Other	-	-			-	-						
1.10 Do you communicate with other company departments (i.e. the shareholder registry, accounting, etc)?												
i. Yes	10	38			2	11						
ii. No	16	62			16	89						
iii. Department	-	-			-	-						
1.11 Does the office for the retail shareholders (Metoxologio) compliment the IR function?												
i. Yes	6	23			3	16						
ii. No	16	62			13	72						
iii. NA	4	15			2	11						

1.12 Please indicate the number of staff working for the investor relations												
i. One	8	31			3	16						
ii. Two	14	54			12	67						
iii. Three	2	8			3	16						
iv. More than 3	2	8			-	-						
v. Not Known	-	-			-	-						
1.13 Is the staff dedicated to investor relations / finance public relations work or do they perform other duties?												
i. Yes	18	69			15	83						
ii. No	8	31			-	-						
1.14 What constitutes a good and effective IR office?	-	-			-	-						

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 2.0: International IR aspects and consultation

Questionns	**Local FMs**				**London FMs**							
2.1 Do you know if your targeted companies currently employ the services of an external investor relations or financial public relations consultant?												
i. Yes	4	15			-	-						
ii. No	-	-			2	11						
2.2 Any company currently employ the services of other related to the IR professionals (such as Financial Information Services [Carson group, Technimetrics, etc], Web sites specialists, Annual report distribution agencies, etc)												
i. Yes	4	15			-	-						
ii. No	-	-			-	-						
2.3 Are your targeted dual listed companies?												
i. Yes	6	23			6	33						
ii. No	10	38			12	67						
iii. NA	10	38			-	-						

2.4 And on what exchanges?												
i. NYSE	6	23			-	-						
ii. NASDAQ	6	23			-	-						
iii. LSE	6	23			-	-						
iv. FRANKFURT	4	15			-	-						
	1*	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
2.5 How the dual listing of the stock has influenced the IR function and its activities?	-	-	6	20	-	-	-	18				
(%)	-	-	23	77	-	-	-	100				
	1*	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
2.6 Do you observe any difference between listed at the ASE and dual listed companies?	-	-	18	8	-	-	-	18				
(%)	-	-	69	31	-	-	-	100				

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 3.0: Substitution effects for the IR function

Question	Local FMs				London FMs							
	1*	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
3.1 How the analysts and the traders or sales people of the domestic securities firms have replaced and/or duplicated the IR function of targeted companies?	5	15	6	-	8	8	2	-				
(%)	19	58	23	-	44	44	11	-				
3.2 Do you read / follow regularly the daily's by the brokerage houses?	-	-	8	18	-	-	-	18				
(%)	-	-	31	69	-	-	-	100				
3.3 Do the big domestic brokers' "daily market watch" or "daily market news", which is distributed to their global database every morning, create disclosure problems for the listed companies?	20	4	2	-	18	-	-	-				
(%)	77	15	8	-	100	-	-	-				
3.4 Similarly, DO the reports in the Greek newspapers (daily or weekly) substitute the official announcements for the listed companies?	19	7	-	-	16	2	-	-				
(%)	73	27	-	-	89	11	-	-				

3.5 Do you read the formal "investor releases" released by the IR offices?	1*	2*	3*	4*	1*	2*	3*	4*				
i. Yes	-	-	-	26	-	-	-	18				
ii. No	-	-	-	-	-	-	-					
iii. Often	-	-	-	-	-	-	-	-				
i. Yes (%)	-	-	-	100	-	-	-	100				
ii. No (%)	-	-	-	-	-	-	-	-				
iii. Often (%)	-	-	-	-	-	-	-	-				
3.6 Do you prefer to talk directly and/or officially with the listed firms?												
i. 25%	-	-			-	-						
ii. 50%	-	-			-	-						
iii. 100%	26	100			18	100						
iv. NA												
3.7 Do you prefer that the firm to have designated an Official Spokesperson to the investors, analysts, newspapers, media, etc?												
i. Yes	26	100			18	100						
ii. No												
iii. To Whom												
3.8 If yes. Is this person the IRO?	1*	2*	3*	4*	1*	2*	3*	4*				
i. Yes	-	-	3	23	-	-	-	18				
ii. No	-	-	-	-	-	-	-	-				
i. Yes (%)	-	-	12	88	-	-	-	100				
ii. No (%)	-	-	-	-	-	-	-	-				
3.9 How the sell-side analysts out of London of the big international investment banks and their sales people fill-in or duplicate the IR job for the listed company?	2	2	-	-	18	-	-	-				
(%)	8	8	-	-	100	-	-	-				
3.10 Is there any cost and benefit for it, if that happens?												
No comment	-				-							

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 4.0: Macro aspects of the IR function

Question	Local FMs				London FMs			
	1*	2*	3*	4*	1*	2*	3*	4*
4.1 Is there any interdependence and relationship between the IR policies and the Corporate Governance in Greece?	-	-	11	15	-	-	-	18
(%)	-	-	42	58	-	-	-	100
4.2 Can you see any influence or mandatory convergence to the European Corporate Governance?	-	-	-	26	-	-	-	18
(%)	-	-	-	100	-	-	-	100
4.3 Do you believe that the industry structure and the competitive dynamics in Greece influence the setting and the application of specific voluntary disclosure or forecasting policies?	-	-	-	26	-	-	-	18
(%)	-	-	-	100	-	-	-	100
4.4 Is there any learning IR experience (curve) in Greece?	-	-	-	26	-	-	-	18
(%)	-	-	-	100	-	-	-	100
4.5 Do you believe that the Hellenic Investor Relations Institute will shorten the learning path and time for the listed Greek companies?	-	-	-	26	-	-	-	18
(%)	-	-	-	100	-	-	-	100

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 5.0: Executing the IR programme

Question	Local FMs				London FMs			
	1*	2*	3*	4*	1*	2*	3*	4*
5.1 Please can you indicate the means by which you communicate with the listed targeted firms and the importance of the different means of communications?								
i. By group presentations	-	-	6	20	-	-	-	18
ii. By private meetings (one-on-one)	-	-	-	26	-	-	-	18
iii. By telephone queries	-	-	4	22	-	-	2	16
iv. By the sell-side analysts' reports	-	2	18	6	-	-	-	18

v. By mailing information	-	-	12	14	-	-	3	15				
vi. By visiting the companies	-	-	-	26	-	-	-	18				
vii. By increasing analysts coverage	-	-	8	18	-	-	-	18				
viii. By email	-	-	-	26	-	-	-	18				
xi. By holding conference calls	-	-	12	14	-	-	-	18				
x. Via the internet	-	-	10	16	-	-	3	15				
xi. Other	-	-	-	-	-	-	-	-				
i. By group presentations (%)	-	-	23	77	-	-	-	100				
ii. By private meetings (one-on-one) (%)	-	-	-	100	-	-	-	100				
iii. By telephone queries (%)	-	-	15	85	-	-	11	89				
iv. By the sell-side analysts' reports (%)	-	8	69	23	-	-	-	100				
v. By mailing information (%)	-	-	46	54	-	-	16	84				
vi. By visiting the companies (%)	-	-	-	100	-	-	-	100				
vii. By increasing analysts coverage (%)	-	-	31	69	-	-	-	100				
viii. By email (%)	-	-	-	100	-	-	-	100				
xi. By holding conference calls (%)	-	-	46	54	-	-	12	14				
x. Via the internet (%)	-	-	38	62	-	-	16	84				
xi. Other (%)	-	-	-	-	-	-	-	-				

* 1) Not at all, 2) Minor Importance, 3) Moderate Importance, 4) High Importance

Section 6.0: Company meetings with analysts and fund managers

Question	**Local FMs**				**London FMs**							
		(%)				(%)						
6.1 Do you participate to group presentations?												
i. Yes	20	77			18	100						
ii. No	6	23			-	-						-
6.2 Which company officials represent the company at some or all of these meetings?												-
i. Top Fund Manager	12	46			11	61						-
ii. Industry Fund manager	18	69			17	94						-
iii. Analyst	25	96			15	84						

iv. Team of people	12	46			15	84						-
6.3 Do you participate to one-on-one meetings-presentations?												-
i. Yes	26	100			18	100						-
ii. No	-	-			-	-						-
6.4 Which company officials represent the company at some or all of these private meetings?												-
i. Top Fund Manager	18	69			14	78						-
ii. Industry Fund manager	24	92			18	100						-
iii. Analyst	26	100			18	100						-
iv. Team of people		69	18		14	78						-
6.5 Does the company keep a record of the proceedings of these meetings?												-
i. General (group) meetings	26	100			18	100						-
ii. One on one meetings	26	100			18	100						-
6.6 How many of these meetings did your company hold in the past twelve months?												
i. General (group) meetings	120				170							
ii. One on one meetings	200				500							
6.7 Approximately how many officials are invited to these meetings?												
i. General (group) meetings	3				5							
ii. One on one meetings	3				3							
6.8 Do you set up the meetings or the listed company?												
i. Fund	4	15			1	6						
ii. IRO	14	54			6	33						
iii. Top management	12	46			2	11						
iv. Brokerage House	14	54			7	39						
v. Other	-	-				-						
6.9 Can you provide an estimate of the number of individuals who have attended at last one of group meetings (special or general) in the past 12 months?												

i. General (group) meetings	3				2	11						
ii. One on one meetings	5				4	22						
6.10 Do you go to group presentations, organized by the brokerage firms?												
i. Always	20	77			17	94						
ii. Often	10	38			1	6						
6.11 Do you go to group presentations, organized by the listed companies themselves?												
i. Always	20	77			17	94						
ii. Often	10	38			1	6						
6.12 Please indicate the types of information that the listed companies provide to delegates at these meetings (special or general). Past performance	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
i. Explanation of recent results in the context of the general economic environment	2	10	10	4	-	14	2	2				
ii. Explanation of accounting policies	-	10	10	6	-	10	9	4				
iii. Additional breakdown of published figures by line of business	-	-	16	10	-	5	9	4				
iv. Additional breakdown of published figures by geographical area	-	8	9	9	-	2	8	8				
v. Performance of recent acquisitions	-	10	10	6	-	8	8	2				
vi. Outcome of completed research and development projects	-	10	10	6	-	12	6	-				
vii. Explanation of structure of balance sheet and gearing	-	-	1	25	-	-	-	18				
Future prospects (Subject, if necessary, to prior announcement to the ASE, LSE, NYSE, etc)	**1***	**2***	**3***	**4***	**1***	**2***	**3***	**4***				
ix. First announcement of major new projects and developments	-	10	10	6	-	7	7	4				
x. Further explanation of major new projects and developments that have already been announced	-	9	10	7	-	7	7	4				
ii. First announcement of new products	6	12	8	-	-	9	5	4				
iii. Further explanation of new products that have already been announced	6	10	10	-	-	12	6	-				
iv. First announcement of new contracts	8	8	6	4	-	10	8	-				

v. Further explanation of new contracts that have already been announced	8	8	6	4	-	10	8	-				
vi. Current state of order book	-	9	12	5	-	-	-	18				
vii. Prospects of current research and development projects	-	10	10	6	-	10	8	-				
viii. First announcement of new research and development projects	-	10	10	6	-	10	8	-				
vi. Further explanation of new research and development projects that have already been announced	9	12	5	-	-	10	8	-				
vii. First announcement of profits forecast	-	-	-	26	-	-	-	18				
i. Further explanation of profits forecast that has already been made	-	-	-	26	-	-	-	18				
ii. Company strategy in the short term	-	-	10	12	-	-	3	15				
iii. Company strategy in the long term	-	-	4	22	-	-	-	18				
iv. Company strategy for particular segments of the business	-	-	10	16	-	-	3	15				
v. Company strategy on future acquisitions	-	8	8	10	-	-	14	4				
vi. Company strategy on future disposals of segments of the business	-	8	8	10	-	-	13	5				
vii. Long term investment plans	-	2	14	10	-	-	-	18				
viii. Cash flow situation	-	-	-	26	-	-	-	18				
vi. Dividend policy	-	-	-	26	-	-	-	18				
Past performance (%)												
i. Explanation of recent results in the context of the general economic environment (%)	8	38	38	15	-	78	11	11				
ii. Explanation of accounting policies (%)	-	38	38	15	-	56	50	22				
iii. Additional breakdown of published figures by line of business (%)	-	-	62	38	-	28	50	22				
iv. Additional breakdown of published figures by geographical area (%)	-	31	35	35	-	11	44	44				
v. Performance of recent acquisitions (%)	-	38	38	23	-	44	44	11				
vi. Outcome of completed research and development projects (%)	-	38	38	23	-	67	33	-				
vii. Explanation of structure of balance sheet and gearing (%)	-	-	4	96	-	-	-	100				
viii. Other (%)	-	-	-	-	-	-	-	-				
Future prospects (Subject, if necessary, to prior announcement to the ASE, LSE, NYSE, etc) (%)												

ix. First announcement of major new projects and developments (%)	-	38	38	23	-	39	39	22				
x. Further explanation of major new projects and developments that have already been announced (%)	-	35	38	27	-	39	39	22				
xi. First announcement of new products (%)	23	46	31	-	-	50	28	22				
xii. Further explanation of new products that have already been announced (%)	23	38	38	-	-	67	33	-				
xiii. First announcement of new contracts (%)	31	31	23	15	-	56	44	-				
xiv. Further explanation of new contracts that have already been announced (%)	31	31	23	15	-	56	44	-				
xv. Current state of order book (%)	-	35	46	19	-	-	-	100				
xvi. Prospects of current research and development projects (%)	-	38	38	23	-	56	44	-				
xvii. First announcement of new research and development projects (%)	-	38	38	23	-	56	44	-				
xviii. Further explanation of new research and development projects that have already been announced (%)	35	46	19	-	-	56	44	-				
xiv. First announcement of profits forecast (%)	-	-	-	100	-	-	-	100				
xx. Further explanation of profits forecast that has already been made	-	-	-	100	-	-	-	100				
xxi. Company strategy in the short term (%)	-	-	38	46	-	-	16	84				
xxii. Company strategy in the long term (%)	-	-	15	85	-	-	-	100				
xxiii. Company strategy for particular segments of the business (%)	-	-	38	62	-	-	16	84				
xxiv. Company strategy on future acquisitions (%)	-	31	31	38	-	-	78	22				
xxv. Company strategy on future disposals of segments of the business	-	31	31	38	-	-	72	28				
xvi. Long term investment plans (%)	-	8	54	38	-	-	-	100				
xvii. Cash flow situation (%)	-	-	-	100	-	-	-	100				
xviii. Dividend policy (%)	-	-	-	100	-	-	-	100				

* 1) Not at all, 2) Minor Extent, 3) Moderate Extent, 4) High Extent

Section 7: Telephone conversation

Question	Local FMs				London FMs							

7.1 Does your company engage in telephone conversation with targeted listed companies?												
i. Often	26	100			18	100						
ii. Never	-	-			-	-						
7.2 Please indicate the company personnel who answer telephone enquiries (Where officials perform a dual role please link with a bracket)												
i. Chairman –Non executive	10	38			17	94						
ii. CEO	20	77			18	100						
iii. CFO	24	92			18	100						
iv. IRO	24	92			18	100						
v. Company secretary	-	-			-	-						
vi. Chief accountant	6	23			-	-						
vii. Marketing director	2	8			-	-						
viii. Hear of public relations	1	4			-	-						
ix. External financial public relations consultant	-	-			-	-						
x. Other	-	-			-	-						
7.3 Do you keep a record of these telephone conversations?												
i. A tape recording is made	2	8			-	-						
ii. A written record is made	26	100			18	100						
iii. No record is made	8	31			-	-						
7.4 Do you believe that the info provided useful and value added to your evaluation of the listed firms?												
i. Useful	15	58			16	89						
ii. Partially useful	10	38			2	11						
iii. Useless	-	-			-	-						
iv. Other	-	-			-	-						

Section 8 : Company feedback on sell-side analysts' reports

Question	Local FMs				London FMs							
		(%)				(%)						
8.1 Do you utilize a buy side analyst?	20	77			18	100						

8.2 How many firms you cover each year?	60				40							
8.3 Before you invest in a stock, do you consult with your analyst?												
i. Never	-	-			-	-						
ii. Just a little	-	-			-	-						
iii. Very much indeed	20	77			18	100						
8.4 Before you invest in a stock, do you consult with the sell-side analysts' reports?												
i. Never	-	-			-	-						
ii. Just a little	10	38			6	33						
iii. Very much indeed	16	62			10	56						
8.5 Is the company analysis sufficient?												
i. Often	18	69			18	100						
ii. Sometimes	12	46			10	56						
iii. Never	-	-			-	-						
8.6 Before you invest, do you visit the premises/headquarters of the targeted company?												
i. Often	26	100			18	100						
ii. Sometimes	13	50			18	100						
iii. Never	-	-			-	-						
8.7 How many times you visit the company before or after the investment?												
i. Often	23	88			15	84						
ii. Sometimes	25	96			15	84						
iii. Never	-	-			-	-						

Section 9: Mailing information

Question	Local FMs				London FMs							
		(%)				(%)						
9.1 Do you receive mail information from the listed companies?												
i. Often	26	100			18	100						

ii. Sometimes	12	46			14	78						
iii. Never	-	-			-	-						
9.2 What type of information do you receive?												
i. Annual report	26	100			18	100						
ii. Interim report	26	100			18	100						
iii. Quarterly reports	26	100			18	100						
iv. Copies of announcements sent to the company news service of the ASE / LSE / NYSE / NASDAQ	26	100			18	100						
v. Takeover documents	14	54			12	67						
vi. Company information brochures and other promotional literature	16	62			16	89						
vii. General press releases	26	100			18	100						
viii. Documents designed specifically for analysts	16	62			12	67						
ix. Annual report in English	26	100			18	100						
x. Interim report in English	26	100			18	100						
xi. Quarterly reports in English	26	100			18	100						

Section 10: Proactive roadshows (visiting the fund managers)

Question	Local FMs				London FMs							
		(%)				(%)						
10.1 Do you use /prefer a roadshow communication policy?	26	100			18	100						
10.2 Is it tactical, offering related or proactive?												
i. Offering roadshows	22	85			18	100						
ii. Relationship roadshows	18	69			18	100						
iii. Proactive roadshows	19	73			18	100						
iv. Combination	16	62			18	100						
v. Other	-	-			-	-						
10.3 How many times per year listed companies visit you?												
i. Once per year	-	-			-	-						
ii. Twice per year	-	-			-	-						
iii. More	-	-			-	-						
iv. Never	-	-			-	-						

v. Other	-	-			-	-						
10.4 Who participates from the listed company?												
i. Chairman	-	-			-	-						
ii. CEO	-	-			-	-						
iii. CFO	-	-			-	-						
iv. IRO	-	-			-	-						
v. Other	-	-			-	-						
10.5 Who is organizing it?												
i. Global bank	-	-			10	56						
ii. Institution	8	31			6	33						
iii. Greek bank	10	38			6	33						
iv. Greek brokerage firm	15	58			12	67						
v. Other	-	-			-	-						
vi Company itself	20	77			8	44						
10.6 Does the IR helps or plans or directs the focus of the roadshow												
i. Always	16	62			12	67						
ii. Sometimes	9	35			6	33						
iii. Never	-	-			-	-						
iv. Do not know	-	-			-	-						
10.7 Do roadshows help you comprehend better the listed companies?												
i. Expontially	20	77			16	89						
ii. Moderately	6	23			2	11						
iii. No	-	-			-	-						
iv. Never valued	-	-			-	-						
v. Other	-	-			-	-						
10.8 What do you think of the roadshows done by the Greek companies?	-	-			-	-						
10.9 Are you a target for global stocks?												
i. European listed companies	13	50			18	100						
ii. American listed companies	3	12			8	44						
iii. Neighboring countries listed companies	2	8			18	100						

iv. Other emerging markets	2	8			6	33						
v. Other	-	-			-	-						
10.10 Do you participate in Global Investor Conferences?	2	8			3	16						

Section 11: Email data base management and distribution of information

Question	Local FMs				London FMs							
		(%)				(%)						
11.1 Do you use the email for info?	26	100			18	100						
11.2 Do you use the fax for info?	26	100			18	100						
11.3 Is the email complementary with the Fax system for gathering info?	26	100			18	100						
11.4 How often you receive press releases via email?	26	100			18	100						

Section 12: Conference calls as a voluntary disclosure medium

Question	Local FMs				London FMs							
		(%)				(%)						
12.1 Do you participate in the conference calls by the listed companies?	26	100			18	100						
12.2 Do you participate in conference calls with the quarterly results announcements (four times annually)?	26	100			18	100						
12.3 When else you participate in conference call and for what purpose? (Change of management, a merger or buyout, major breakthrough…?)	20	77			12	67						
12.4 What is the average number of participants in the conference calls?												
i. More than 10	6	23			11	61						
ii. More than 20	12	46			10	56						
iii. More than 30	16	62			18	100						
iv. Other												
12.5 Who participates in the conference call from your company?												
i. Top fund manager	14	54			7	39						
ii. Industry fund manager	23	88			17	94						
iii. Buy side analyst	26	100			18	100						
iv. Team	15	58			12	67						
v. Other	-	-			-	-						

Section 13: Disclosure via internet sites

Question	Local FMs				London FMs							
		(%)				(%)						
13.1 Do you use the targeted listed companies' web site?	26	100			18	100						
13.2 Do you believe their web site is sufficient and user friendly?	-	-			-	-						
13.3 Please, evaluate the web sites in terms of information effectiveness?	-	-			-	-						
13.4 Please, could you recommend any improvements?	-	-			-	-						

Note: Hilighted letters and numbers refer to percentages